

Annual Report 1973

BASF

Fred F. A. Jacobson
 Director
 Corporate Public Relations



BASF Wyandotte Corporation
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 New York, New York 10017
 212 682-1780

At a Glance

in million DM	1971	1972	1973
BASF World Sales*	12,139	13,643	15,950
BASF Group*			
Sales	10,233	11,861	14,258
Net income (after taxes and minority interests)	287	408	514
– per share in DM	9.49	13.38	16.68
– in percent of sales	2.8	3.4	3.6
Capital expenditures	922	915	1,170
Depreciation and retirements	895	996	1,089
Number of employees	93,022	104,054	107,539
BASF Aktiengesellschaft			
Sales	5,200	5,921	6,905
Net income (after taxes)	229	277	301
– per share in DM	7.57	9.07	9.78
– in percent of sales	4.4	4.7	4.4
Dividend payout	227	229	246
– per share in DM	7.50	7.50	8.00
Capital expenditures	315	385	620
Depreciation and retirements	525	505	517
Number of employees	49,590	50,464	52,230

* BASF world sales represent the total consolidated net sales of all companies in the BASF Group, i. e. the sales of the 50-percent-owned companies are included in full. The BASF Group takes into account BASF Aktiengesellschaft and all companies which are at least 50 percent owned by BASF Aktiengesellschaft or its majority holdings, as well as the majority holdings of companies in which a 50 percent

participation is held. The accounting includes majority holdings in full, and half of the 50 percent participations and their majority holdings. Intercompany items between companies have been eliminated. Group companies of minor importance are not consolidated.

Printed in West Germany

Fiscal Year 1973
Annual Reports including Financial
Statements of
BASF Group
BASF Aktiengesellschaft and its
consolidated German subsidiaries
BASF Aktiengesellschaft
Report of the Supervisory Board

BASF Aktiengesellschaft

BASF

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22nd Annual Meeting of Stockholders

Wednesday, July 2, 1974, 10:00 a.m.
at the BASF Feierabendhaus
Leuschnerstraße 47
Ludwigshafen am Rhein

Agenda*

1. Presentation of the Financial Statements of BASF Aktiengesellschaft and of BASF Aktiengesellschaft and its consolidated German subsidiaries;
Presentation of the Annual Reports of BASF Aktiengesellschaft and of BASF Aktiengesellschaft and its consolidated German subsidiaries;
Presentation of the Supervisory Board Report
2. Declaration of dividend
3. Ratification of the actions of the Supervisory Board
4. Ratification of the actions of the Board of Executive Directors
5. Election of the Supervisory Board
6. Increase of capital stock out of reserves
7. Changes of Articles of Incorporation
8. Appointment of Auditors for the Fiscal Year 1974

* The complete agenda with proposed resolutions will appear in the May 17, 1974 issue of the Bundesanzeiger No. 92

Supervisory Board

Professor Dr.-Ing. Carl Wurster, Stuttgart
(Chairman)

Professor Dr. phil. h.c. Hans L. Merkle, Stuttgart
(Deputy Chairman)
Chairman of the Board of Executive Directors of
Robert Bosch GmbH

Dr. jur. Josef Rust, Kassel
(Deputy Chairman)
State Secretary (ret.)
Chairman of the Supervisory Board of
Wintershall AG

Rudi Bauer, Ludwigshafen
Chairman of the Works Councils of
BASF Aktiengesellschaft

Professor Dr. rer. nat. Manfred Eigen, Göttingen
Director of the Max Planck Institute
for Biophysical Chemistry in Göttingen

Dr. jur. Hans Feith, Frankfurt/Main
Member of the Board of Executive Directors of
Deutsche Bank AG

Alfred Hoffmann, Marl
Deputy Chairman of the Works Councils of
Gewerkschaft Auguste Victoria

Dr. rer. pol. Kurt Hohenemser, Frankfurt/Main
General Manager of the Deutsche Schutz-
vereinigung für Wertpapierbesitz e.V. für Hessen
und Rheinland-Pfalz (Registered German Associa-
tion for the Protection of Owners of Securities for
the States of Hessen and Rhineland-Palatinate)

Heinrich Kemmler, Ludwigshafen
Director of the Ludwigshafen Region for the
Industriegewerkschaft Chemie-Papier-Keramik
(Chemical, Paper and Ceramic Industries Union)

Dr. jur. Bernhard Landmesser, Neustadt/Weinstr.
Member of the Supervisory Board of Knoeckel,
Schmidt & Cie. Papierfabriken AG
Deceased December 19, 1973

Simon Lazard, Paris
Ing. Dipl. de l'Ecole Polytechnique, Paris
Ingénieur conseil

Jacob Müller, Otterstadt/Palatinate
Electric welding operator

Dr. jur. Alfred Schaefer, Zollikon, Switzerland
President of the Board of Executive Directors of
Schweizerische Bankgesellschaft
(Union Bank of Switzerland)

Rudolf Schlenker, Hamburg
Member of the Advisory Board of Reemtsma
Zigarettenfabriken GmbH

Willi Schüler, Lengers near Bad Hersfeld
Chairman of the Works Councils of
Kali und Salz AG

Board of Executive Directors

Professor Dr. phil. nat. Bernhard Timm
(Chairman)

Dr. phil. Hans Freientseher
(Deputy Chairman)
Consumer Products,
Sales Coordination and Distribution
retired June 30, 1973

Dr. jur. Friedrich Dribbusch
Personnel

Professor Dr.-Ing. Berthold Frank
Engineering and Construction

Dr. jur. Wolfgang Heintzeler
Legal Affairs and Taxes
retired September 30, 1973

Dr.-Ing. Erich Henkel
Overseas Operations

Dr. rer. pol. Rolf Magener
Finance

Dr. rer. nat. Hans Moell
Basic Chemicals, Oil and Gas,
Agricultural Chemicals

Professor Dr.-Ing. Horst Pommer
Research

Dr. rer. nat. Matthias Seefelder
Dyestuffs, Chemicals, Dispersions

Professor Dr. phil. Adolf Steinhofer
Research
retired March 31, 1973

Dr. rer. nat. Herbert Willersinn
Plastics and Fibers

Deputies

Hans Joachim Witt
Consumer Products, Sales Coordination
and Distribution
as of July 1, 1973

Dr. rer. nat. Hans Albers
as of January 1, 1974

Managing Directors

Dr. rer. nat. Hans Albers
Dyestuffs and auxiliaries

Professor Dr. phil. habil.
Ernst Bartholomé
Process engineering

Dr. jur. Hans-Albrecht Bischoff
Labor relations

Dr.-Ing. Günter Bogenstätter
Construction

Dr. phil. Karl Buchholz
Central planning/Annual planning

Dr. rer. nat. Otto Christmann
Research/Dyestuffs

Dr. phil. nat. Günther Daumiller
Chemicals/Research and development

Dr. rer. nat. Hans Detzer
Basic chemicals

Christian Erasmi
Polyolefines

Dipl.-Kfm. Josef Fischer
Purchasing

Dr. rer. nat. Hans Friz
Research/Basic chemicals

Dr. phil. Hans-Joachim Frost
Environmental protection and safety

Dr. rer. nat. Rudolf Gäth
Applications technology

Dr. jur. Karl-Ludwig Hermann
Finance

Dr. rer. nat. Wolfgang Huber
Personnel (Ludwigshafen)

Dr. rer. nat. Kurt Jockers
Basic chemicals production

Dr. rer. pol. Heinrich Jonas
Accounting

Dr. rer. nat. Horst Kerber
Fibers

Dr. rer. nat. Klaus Kinkel
Central planning

Dr. jur. Helmut Kraft
Latin America

Dr. rer. nat. Hans Lautenschlager
Chemicals

Dr.-Ing. Karl Mahler
Magnetic recording media and Nyloprint (Willstätt)

Dr. rer. nat. Horst Metzger
Crop protection products

Dr. rer. nat. Manfred Minsinger
Specialty plastics

Dr. oec. publ. Ernst Mühling
Distribution

Dr. oec. publ. Albert Oeckl
Public relations

Hans Oesterlin
Coatings

Dr. phil. Hans Joachim Pistor
North America

Dr. rer. nat. Heinz Pohlemann
Research/Plastics

Dr. rer. nat. Friedrich Pyzik
Special colors

Dr. rer. nat. Werner Reif
Research/Main laboratory

Wolfgang Ritter
Legal affairs, taxes and insurance

Dr. rer. nat. Norbert Rudolphi
Dispersions

Professor Dr.-Ing. Richard Sinn
Technical development

Dr. rer. nat. Helmut Thurn
Magnetic recording media and Nyloprint

Dr. rer. pol. Karl-Heinz Tillmann
Fertilizers

Professor Dr. rer. nat. Tim H. Toepel
Research coordination

Professor Dr. phil. Dr. sc. nat. habil.
Hans Georg Trieschmann
Central planning

Dr. agr. Otto Walterspiel
Africa, Asia and Australia

Dr.-Ing. Karl August Wetjen
Engineering and construction (Ludwigshafen)

Dr. rer. nat. Gernot Winter
Polystyrene, PVC

Dr. rer. pol. Robert Zinser
Sales coordination

As of December 31, 1973

Department Directors

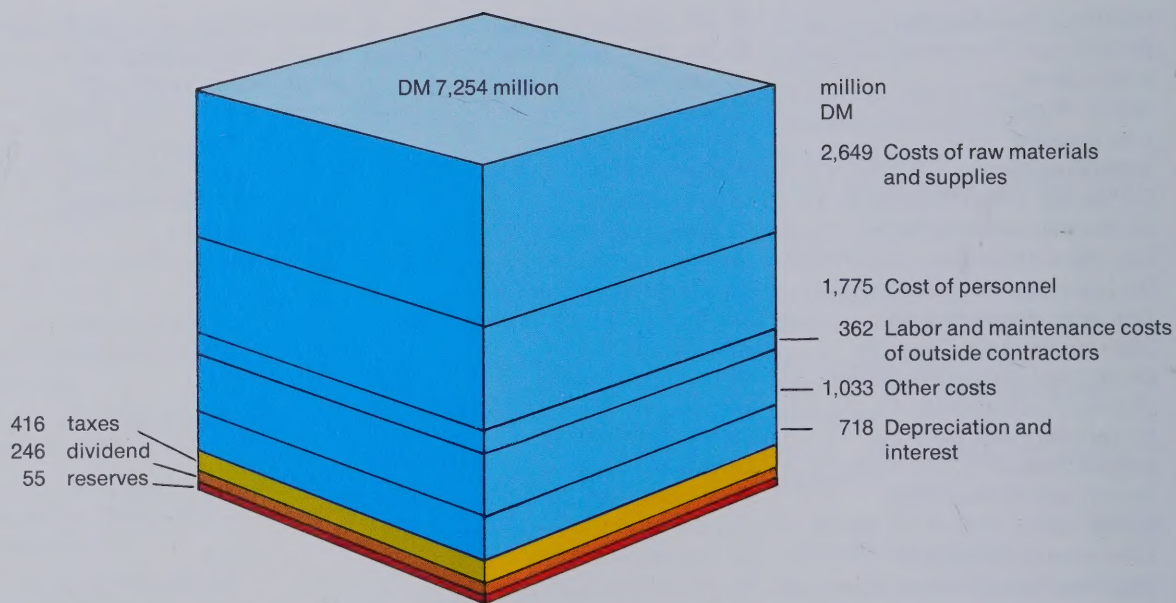
Dipl.-Ing. Hugo Aldinger
Dr. phil. nat. Theo Ankel
Edgar Beck
Günter Becker
Lutz Beckers
Bernt Berghäuser
Dr. rer. nat. Erhard Borchers
Dr. rer. nat. Günter Cramer
Dipl.-Kfm. Klaus Deichner
Dr.-Ing. Heinz Detlef Dibbern
Dipl.-Kfm. Friedrich Edel
Dipl.-Ing. Heinrich Feldhoff
Dr. rer. nat. Herbert Friederich
Dr.-Ing. Kurt Generlich
Dr. rer. nat. Heinz Gerrens
Helmut Glassen
Dr. rer. nat. Norbert Götz
Dr. rer. nat.
Otto-Alfred Grosskinsky
Dipl.-Ing. Hans Günther
Dr.-Ing. Heinz Hauser
Dr. rer. nat. Otto Hertel
Dr. phil. nat. Herwig Hoffmann
Dipl.-Ing. Friedrich Hofherr
Professor Dr. rer. pol.
Rolf Hofmann
Dr. rer. nat. Heinz Hohenschutz
Dr. rer. nat. Wolfgang Jentzsch
Professor Dr. rer. nat.
Hermann Kienitz
Dr. agr. Edmund Köhler
Dipl.-Chem. Alwin Konrad
Dr. rer. nat. Hans-Harald Kopper
Dr.-Ing. Wolfgang Kost
Dipl.-Ing. Heinz Kühner
Dipl.-Kfm. Richard Kuhn

Dr. rer. nat. Heinz Lange
Dr. rer. nat. Dietrich Lausberg
Dr. oec. Hans-Karl Lobenwein
Dr. agr. Jakobus Heinrich Lüttmer
Dipl.-Ing. Theo Marré
Walter Marx
Otto K. Merckel
Dr. rer. pol. Peter Metzenthin
Dr.-Ing. Franz-Friedrich Miller
Dr. rer. pol. Erwin Morawski
Dr. rer. nat. Heinz Müller-Tamm
Karl Münch
Dr.-Ing. Otto Nagel
Dr. phil. nat. Werner Nieswandt
Dr. rer. nat. Karl Opp
Dr. rer. nat. Hans Georg Peine
Dr. rer. nat. Ernst Penning
Dr. rer. nat. Ernst Raber
Dr. rer. nat. Paul Raff
Dr. rer. pol. Anny Reichl
Dr. rer. nat. Hans Reinhard
Dr. rer. nat. Rudi-Heinz Rotzoll
Dr. rer. nat. Georg Schnell
Dipl.-Kfm. Karlheinz Schöler
Dr. jur. Gerhard Schornack
Dr. rer. nat. Karl Schuhmann
Wolfgang Schwer
Dr. rer. nat. Jens-Peter Siegfriedt
Professor Dr. rer. nat. Heinz Spähn
Dr. rer. nat. Erhard Stahnecker
Dr. rer. nat. Karl Stange
Dr. rer. nat. Walter Stilz
Dr. rer. nat. Erich Stöckl
Hans Joachim Stolley
Hans-Werner von Stutterheim
Günter Taege

Dipl.-Ing. Karl-Heinz Teichgräber
Dr.-Ing. Eckart Titzenthaler
Hans-Jochen Verseemann
Dr. rer. nat. Hermann Wesslau
Dipl.-Kfm. Gerhard Wolf
Dipl.-Volkswirt Hinrich Würdemann
Dr. rer. nat. Albrecht Würz
Heinz Wüstefeld
Hubert Wydra

As of December 31, 1973

BASF Aktiengesellschaft
Application of Total Revenue in 1973*



* = sales + other revenue
according to items 4 and 7-14 of the Income Statement

Business in 1973

Review

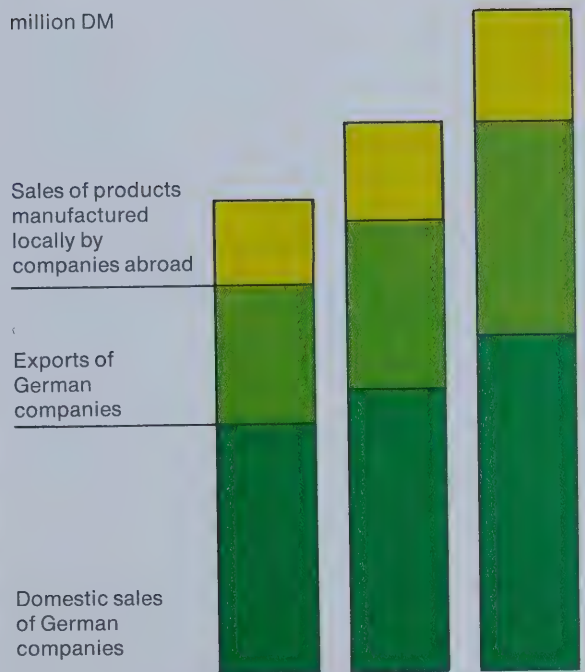
In 1973 the BASF Group succeeded in improving its earnings substantially. It realized an income after taxes and minority interests of DM 514 million which represents a gain of 25.9 percent. BASF Aktiengesellschaft was able to raise its profit after taxes by 8.9 percent to DM 301 million. It permits management to propose to the Annual Meeting an increase of the previous year's DM 7.50 dividend per share by DM 0.50 to DM 8.00. In addition an increase in the capital stock out of reserves at a ratio of 20:1 is proposed. The new shares for our stockholders would be entitled to dividend as of January 1, 1974.

Our efforts to realize all business opportunities were supported by favorable economic developments. Strong demand in Germany and particularly abroad guaranteed full employment. Despite increasing capital expenditures we strengthened our financial position. The petrochemical feedstock supply created difficulties characterized by shortages and price escalation particularly toward the end of the year. The impact on our business sectors differed. Sales of the BASF Group advanced 20.2 percent to DM 14.3 billion. Disregarding changed currency parities, Group companies in Germany and abroad participated equally in the sales increase.

Pre-tax earnings of the BASF Group rose 45.5 percent to DM 1,053 million. Our companies abroad contributed more than heretofore. Earnings of our German Group companies were substantially affected by tax and monetary stabilization measures. Of the income after taxes and minority interests the BASF Group retained DM 268 million. The sum serves to strengthen the equity of the company commensurate with economic developments which,

BASF Group Sales

million DM



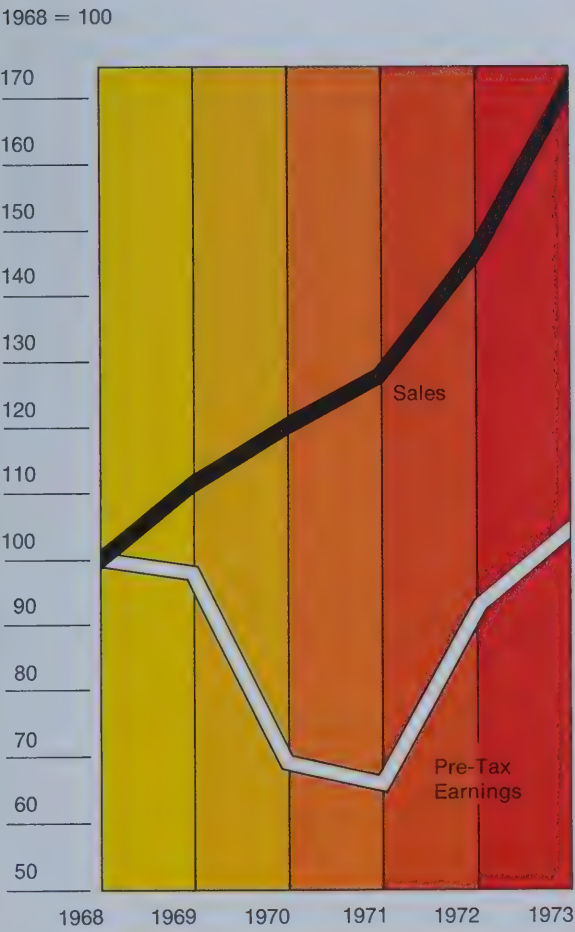
	1971	1972	1973
BASF Group	10,233	11,861	14,258
Germany	5,446	6,057	7,314
Abroad	4,787	5,804	6,944
of which			
Exports of German companies	3,103	3,724	4,595
Sales of products manufactured locally by companies abroad	1,684	2,080	2,349
Companies in Germany	8,549	9,781	11,909
BASF AG	5,200	5,921	6,905
of which exports	2,558	3,079	3,631
Share of exports	49.2 %	52.0 %	52.6 %

in light of continuing inflation, underscore the importance of securing the company's substance and strengthening its earning potential. BASF Aktiengesellschaft was able to raise its sales by 16.6 percent to DM 6.9 billion but earnings did not keep pace in spite of its good operating performance. The company's earnings before income, profit and property taxes increased 13.9 percent to DM 703 million. The lag in growth was attributable to diminished proceeds due to revaluation, foreign currency losses on exports as well as higher tax burdens. In addition the company's business was subjected to shortages and price increases of petrochemical feedstocks; at year-end we were not able to meet the demand of our customers entirely. In some instances production had to be curbed temporarily. Substantial cost increases could not be offset by efficiency improvements in spite of the full utilization of capacities in the first ten months of the year. Price increases were inevitable. The rising tax burden is reflected in the substantially smaller gain in net profits. Even with the transfer of DM 55 million to reserves the reinforcement of the company's equity from retained earnings still lagged behind the growth of total assets.

Outlook

Inflation affects sales and earnings increasingly. The foreign exchange market fails to stabilize. Until now the supply of raw materials could only be covered at substantially higher costs. The future is clouded by uncertainties. We have taken the necessary steps to meet the challenges. In the first quarter of 1974 sales and earnings continued at a pace set in the preceding year and permit us to view our business prospects with confidence.

BASF Aktiengesellschaft
Pre-Tax Earnings and Sales



Earnings of the BASF Group

million DM	1972	1973
Earnings before income taxes ^{1, 2}	724	1,053
Income taxes ²	312	516
Minority interests	4	23
Net income	408	514

Earnings of BASF Aktiengesellschaft and appropriation of net income
million DM

Earnings before EEV and LA-VA taxes ³	618	703
EEV and LA-VA taxes	341	402
Net income	277	301
Dividends	229	246
Retained earnings	50	55

Earnings per share (nominal value DM 50.00)
DM

<i>BASF Group</i>		
Earnings before income taxes	23.72	34.17
Net income	13.38	16.68
<i>BASF Aktiengesellschaft</i>		
Earnings before EEV and LA-VA taxes	20.24	22.82
Net income	9.07	9.78
Dividends	7.50	8.00
Number of shares outstanding entitled to dividend (in 1000s)	30,522	30,823

¹ Before minority interests
² Principally corporation and trade profit taxes
³ Taxes on income, profit and property (trade, payroll, corporation, real estate, property taxes) and Equalization of Burdens Property Tax

Finances BASF Group

Pre-tax earnings of the BASF Group totaled DM 1.05 billion. The 45.5 percent gain is substantially higher than the gain in sales. However, income taxes rose more rapidly than earnings. Taxes now account for 49.0 percent of pre-tax earnings. As a result a net income of only DM 514 million remained after taxes and minority interests.

The equity of the BASF Group, including minority interests, increased DM 332 million to DM 4.4 billion. Total liabilities remained almost unchanged. Liabilities to banks and to the capital market decreased by DM 430 million. This change is attributable not only to redemptions but also to the devaluation of the U.S. Dollar. Thus unrealized gains on currency translation, which do not affect net income, increased substantially. It is shown in the balance sheet as "Unrealized gain on foreign exchange".

The increase in equity led to an improvement of the financial structure. Long-term capital exceeds non-current assets. Capital expenditures of DM 1,170 million were covered by internal financing in full.

On account of the Aussensteuerreformgesetz (law covering tax reform on foreign source income), which took effect in 1972, we regrouped some affiliates in order to streamline the Group's organization and to meet the financial requirements of these companies.

Our holding in Dow Badische Company was transferred from BASF Overzee to BASF Farben + Fasern AG, which is concerned with our activities in fibers. BASF Wyandotte Corporation, formerly held by BASF Overzee, was transferred to LUCHEM Corporation, New York, a new wholly-owned

subsidiary of BASF Aktiengesellschaft. BASF Overzee reduced its capital from 131.8 million to 17.9 million Netherlands Antilles Guilders. In Austria, BASF Aktiengesellschaft established a holding company, BASF AG & Co. Gesellschaft m.b.H., Vienna, with a capital stock of 142 million Austrian Shillings. This company assumed the participation of BASF Aktiengesellschaft in Danubia Olefinwerke Ges. m. b. H. and the participation of BASF Holding AG, Zurich, in Organchemie Ges. m. b. H., Vienna. Assets, capital and liabilities of the Group were not affected by these transactions.

Financial Ratios

Acid-test ratio (short-term receivables ¹ plus liquid funds: short-term liabilities) ²	1.0
Current ratio (current assets ¹ : short-term liabilities)	1.5
Financial structure (Equity capital in percent of total assets)	33.2
Long-term financing ratio (long-term capital: non-current assets) ³	1.3
Internal financing in percent of total financing	97.2

¹ including prepaid expenses

² short-term: payable or due within one year from the balance sheet date (including dividends to be paid)

³ long-term: payable or due after more than one year from the balance sheet date

BASF Group

Source and Application of Funds

million DM

1973

1973

Source of funds

Net income	514
Depreciation and retirement of fixed assets ⁵	1,252
Other items ⁶	227
Cash flow	1,993
Minus dividends of BASF Aktiengesellschaft of 1972	229
Internal financing	1,764
Increase in equity capital of BASF Aktiengesellschaft	40
Change in long-term liabilities	(699)
Change in short-term liabilities and accruals	587
External financing	(72)
Other changes ⁹	123
	1,815

Application of funds

Additions to tangible and intangible fixed assets	1,170
Changes in investments ⁴	33
Additions to fixed assets	1,203
Change in inventories ⁷	147
Change in receivables ⁸	280
Change in current assets (without liquid funds)	427
Increase in liquid funds	185
	1,815

Structure of Assets and Liabilities

percent

Assets

Tangible fixed assets, concessions, patents, etc.	47.7
Investments and long-term loans	5.4
Fixed assets	53.1
Inventories ⁷	14.8
Receivables	21.2
Cash and cash items	7.3
Current assets	43.3
Deferred charges and prepaid expenses	1.8
Balance arising from consolidation	1.8
Total assets	100.0

Capital and liabilities

Paid-in capital	22.3
Earned surplus	9.7
Minority interests	1.2
Equity capital	33.2
Special reserves	1.4
Unrealized gains on foreign exchange	1.9
Long-term liabilities	35.2
Short-term liabilities	28.3
Total liabilities	63.5
Total capital and liabilities	100.0

⁴ additions minus redemption of loans including capitalized items and intangible assets

⁵ including deferred charges and balance arising from consolidation

⁶ change in long-term provisions and special reserves

⁷ including products on lease and uncompleted contracts

⁸ including prepaid expenses

⁹ comprising changes in equity capital and minority interests due to newly consolidated companies, changes in the unrealized gain on foreign exchange, changes in the balance arising from consolidation, changes in fixed assets due to inclusion of new companies and transfers

Finances BASF Aktiengesellschaft

Capital expenditures in tangible fixed assets totaled DM 620 million. Depreciation and retirements of fixed assets covered 83 percent of these outlays. The increase of investments and long-term loans reflects essentially the realignment of some affiliates. The number and value of doubtful accounts increased, especially in the second half of the year. Sufficient accruals and valuation adjustments were provided. Higher capital requirements for current assets were primarily due to business expansion, but in part also to increasing raw material costs.

Despite the profit transfer to reserves, the increase in equity capital by the issue of shares to BASF employees, and the reduction of financial liabilities by DM 237 million, the ratio of equity to total assets decreased from 49.8 percent to 46.8 percent. This change is attributable to higher liabilities from current operations and to liabilities to affiliates in connection with the realignment of some affiliates.

The shift of long-term liabilities to short-term liabilities is primarily due to the maturity of the convertible bond amounting to DM 240 million which will be redeemed in full in December 1974. Nevertheless short-term liabilities, including the proposed dividend payout, were amply exceeded by current assets. Liquid funds, including bills receivable and securities, alone amounted to DM 686 million.

Although financial liabilities decreased, interest expenses continued to rise as a result of the general increase in credit costs. However, they were offset by higher interest income so that net interest expenses were lower than in the preceding year.

Financial Ratios	
Acid-test ratio (short-term receivables plus liquid funds: short-term liabilities) ¹	1.1
Current ratio (current assets: short-term liabilities)	1.7
Financial structure (Equity capital in percent of total assets)	46.8
Long-term financing ratio (long-term capital: non-current assets) ²	1.2
Internal-financing in percent of total financing	65.7

¹ short-term: payable or due within one year from the balance sheet date (including dividends to be paid)
² long-term: payable or due a year or more after the date of the balance sheet

BASF Aktiengesellschaft**Source and Application of Funds**

million DM

1973

1973

Source of funds

Net income	301
Depreciation and retirement of fixed assets	788
Other items ³	123
Cash flow	1,212
Minus dividends of 1972	229
Internal financing	983
Increase in equity capital	40
Change in long-term liabilities	17
Change in short-term liabilities and accruals	456
External financing	513
	1,496

Application of funds

Additions to tangible fixed assets	620
Additions to investments	374
Addition to fixed assets	994
Change in inventories ⁴	43
Change in receivables ⁵	372
Changes in current assets (excluding liquid funds)	415
Increase in liquid funds	87
	1,496

Structure of Assets and Liabilities

percent

Assets

Tangible fixed assets	29.7
Investments and long-term loans	31.5
Fixed assets	61.2
Inventories ⁴	10.8
Receivables ⁵	19.4
Cash and cash items	8.6
Current assets	38.8
Total assets	100.0

Capital and liabilities

Capital stock	19.3
Surplus reserves plus profit available for dividend	27.5
Equity capital	46.8
Special reserves	0.7
Valuation adjustments	0.3
Long-term liabilities	33.0
Short-term liabilities	19.2
Total liabilities	52.2
Total capital and liabilities	100.0

³ change in long-term provisions and special reserves minus valuation adjustments

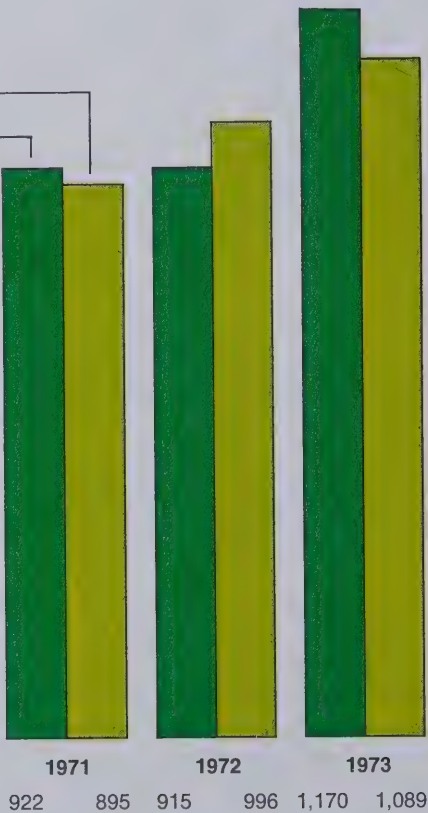
⁴ including products on lease and uncompleted contracts

⁵ including deferred charges and prepaid expenses

BASF Group
Capital Expenditures and Depreciation

million DM

Depreciation
Capital
Expenditures



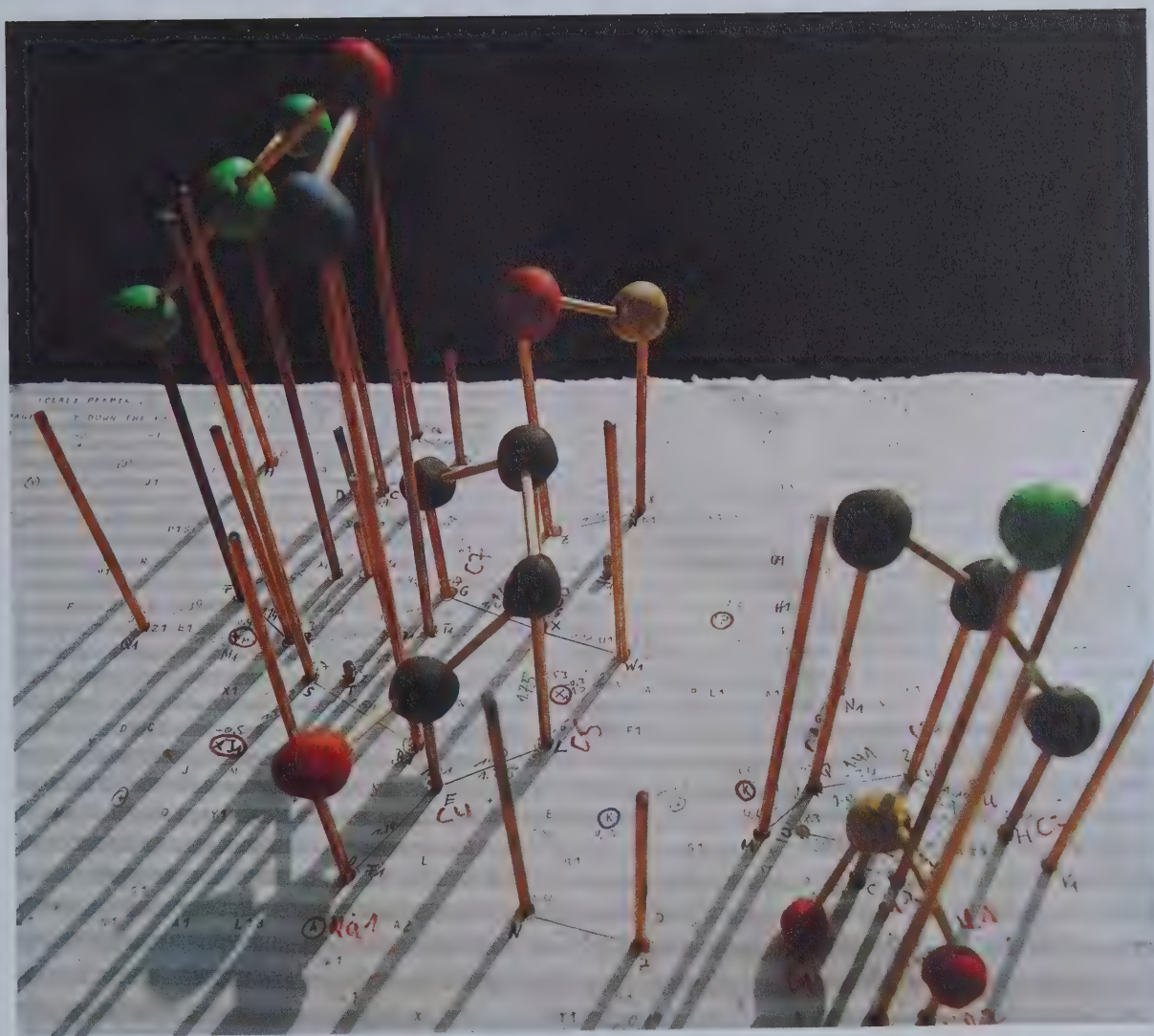
Capital Expenditures

Capital expenditures of the BASF Group in tangible and intangible fixed assets increased 27.9 percent to DM 1,170 million. They exceeded depreciation by DM 81 million and represent 8.2 percent of sales, compared to 7.7 percent in the previous year. In Germany, capital expenditures for efficiency improvements accounted for a major share of the outlays and were targeted to serve production expansion in view of labor shortages and substantial increases in labor costs. Abroad, we expanded our production facilities.

Our capital expenditure program concentrated on plastics, dyestuffs and basic chemicals as well as oil and gas. DM 172 million were spent for environmental protection. Specific projects are highlighted in the reports of the operating divisions and our affiliates.

BASF Aktiengesellschaft spent DM 620 million. Production, utilities and research facilities accounted for 70 percent, environmental protection and other activities for 30 percent.

Capital expenditures in other Group companies totaled DM 550 million, of which DM 306 million were spent in Germany, DM 99 million in Europe and DM 145 million overseas, especially North America.



Computer print-out helps to structure the molecule model

Activities Research

In 1973 our research and development laboratories faced even bigger challenges. We are committed to maintain and expand product lines and to improve production processes technically, economically and ecologically. To prepare for possible changes in the supply of raw materials and energy, we established stand-by priorities.

A change in raw materials or a reduction in energy requirements can usually be achieved only after comprehensive and often lengthy laboratory and pilot plant tests. A major effort continues to be directed toward the development of sophisticated products.

Operating efficiencies, particularly in technical services, and the modernization of our laboratory equipment enabled us to meet the increasing demand without an appreciable increase in personnel. At year-end about 10,000 employees, including 1,420 with university degrees in science, worked in the laboratories and pilot plants of the BASF Group.

Research expenditures of the BASF Group increased DM 45 million to DM 442 million. In addition, DM 76 million were invested in laboratories and pilot plants. A new building for plastics research in Ludwigshafen provides about 800 employees modern, efficient working conditions.

Last year some 300 products were added to our line. Our efforts led to 800 patent applications. Specific results are highlighted in the respective operating division reports.

Product Divisions

Polyolefines

The upsurge in the worldwide demand for polyolefines turned the surplus, evident early in the year, into a shortage which intensified with the scarcity of raw materials. Until November our plants, including a new 120,000 metric ton-per-year low-density polyethylene facility of the Rheinische Olefinwerke, operated at capacity. After mid-November our requirements for naphtha, a key chemical for olefines, were not fully covered.

At the same time raw material costs rose exorbitantly and led to new price levels worldwide.

In volume, Lupolen® low-density polyethylene is our most important polyolefine. Our research has developed more and more applications to suit polyethylene's specific properties. Such efforts have made plastics indispensable to certain applications such as shrink film for safe and efficient transportation of goods, protective sheeting for an early harvest or for storage silos, and film for packaging foods sold through self-service stores. Polyethylene continues to be indispensable to the electrical industry for insulation. New special products for the manufacture of blow-molded films permit higher processing speeds and thus improve profitability.

High-density Lupolen grades scored gains as proven materials for heating oil fuel tanks and containers used in transportation.

BASF Group
Sales by Divisions

	million DM	percent	
Plastics	2,716	19.0	<div></div>
Oil and Gas	2,166	15.2	<div></div>
Chemicals	1,474	10.3	<div></div>
Dyestuffs and Auxiliaries	1,391	9.8	<div></div>
Fertilizers	1,348	9.5	<div></div>
"Kali und Salz" (potassium salts)	858	6.0	<div></div>
Fibers	795	5.6	<div></div>
Dispersions	594	4.2	<div></div>
Coatings	563	3.9	<div></div>
Magnetic Recording Media and Nyloprint	519	3.6	<div></div>
Basic Chemicals	511	3.6	<div></div>
Crop Protection Products	405	2.8	<div></div>
Special Colors	337	2.4	<div></div>
Pharmaceuticals	97	0.7	<div></div>
Miscellaneous	484	3.4	<div></div>
	14,258	100.0	



Tree saw package: case, cover and hinges
are blown out of Lupolen plastic simultaneously
(made by Elbatainer; process protected)

Together with Volkswagenwerk and the machinery industry we developed a gasoline tank out of Lupolen for the production model of VW's „Passat“. Our efficient, environment-oriented Novolen® process for the polymerization of propylene in the gas phase was modified to permit the production of grades with higher rigidity. Consequently sophisticated applications were opened for this product as, for instance, for carpet backing. Sealants of Lucobit®, made from ethylene copolymers and bitumen, gain increasing importance. They are used, for example, for sealing sanitary fills and therefore contribute to the protection of the environment.

Polystyrene and Polyvinyl Chloride

Polystyrene

Shortages of the raw material benzene, evident already in the fall of 1972, curbed production increasingly. The strong demand for our polystyrene grades could not be fully met. Raw material costs increased slowly at first but rose excessively in the last three months. The cost increase dictated higher prices for styrene polymers. Our special grades Luran®, Luran S and Terluran® were subject to above-average demand. Our ability to supply was limited by raw material shortages and sold-out capacities.

Production facilities for the augmented Terluran and Luran S lines are about to be completed. We concentrated in particular on the development of grades for specific applications. Flame-retardant polystyrene grades meet the toughest safety requirements and are applied, for instance, to the backs of TV sets or ceilings.



Children's chairs at a Ludwigshafen kindergarten molded out of Luran S plastic

Our application laboratories developed a process for the production of laminated film made out of polystyrene and other polymers. These products enjoy increasing market acceptance. By virtue of this technology it is possible to maximize such desired properties as rigidity, diffusion prevention and heat insulation. These films open new markets, for instance, in food packaging.

Polystyrene grades with high thermal stability offer greater design possibilities at low processing costs. These advantages are being exploited increasingly by the furniture industry. Demand for foamable polystyrene and Luran S was especially strong.

Polyvinyl Chloride

Production of polyvinyl chloride was not seriously impaired by raw material bottlenecks. Our facilities operated at capacity.

The introduction of Vinoflex® 700 impact-resistant polyvinyl chloride is progressing favorably.

Semi-finished and finished products made out of Vinoflex grades are increasingly applied for durable products such as window frames, construction profiles as well as curtain walls.

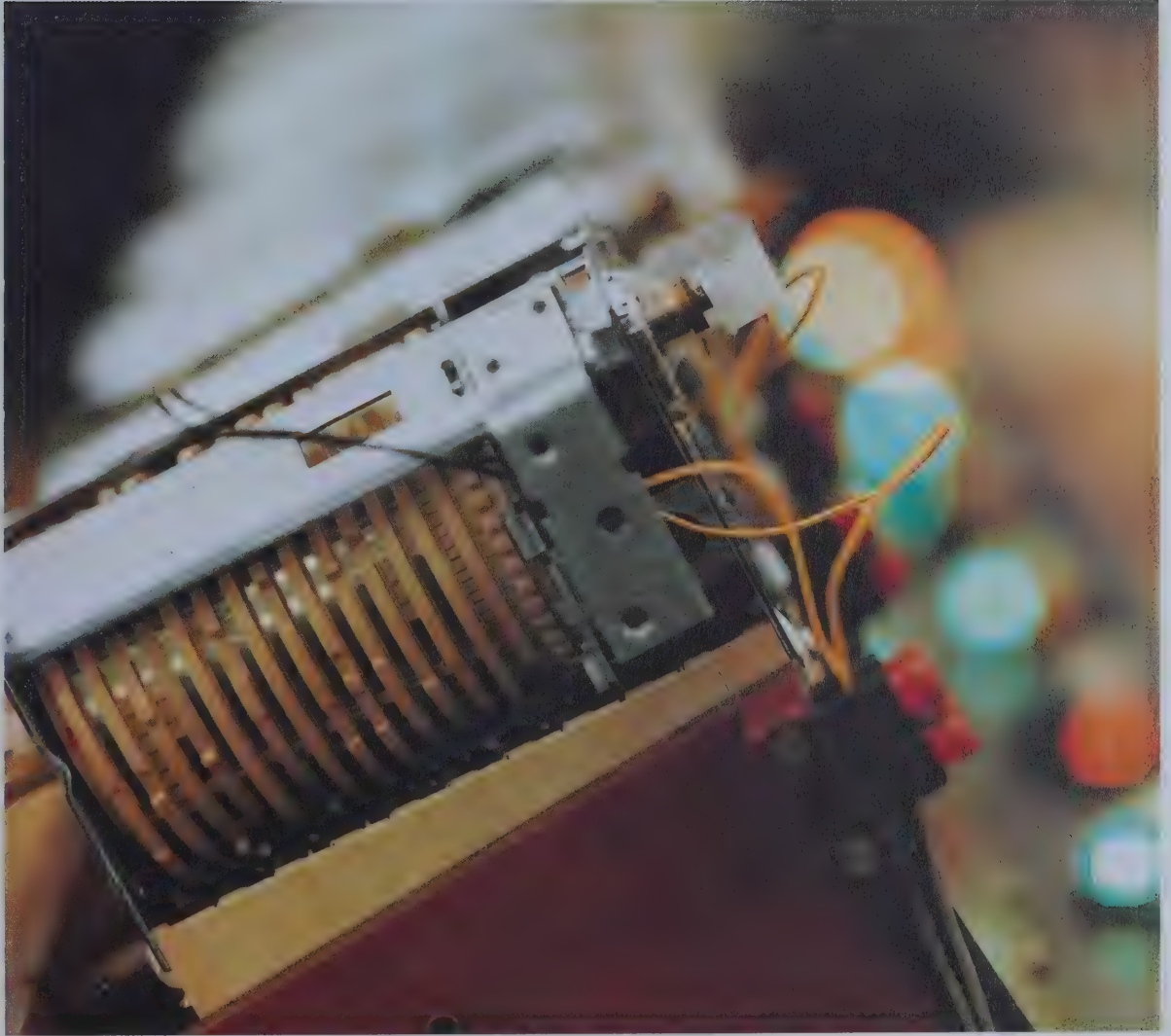
To complete our Vinoflex range we developed PVC paste grades, which are primarily used to obtain dense, flexible films on textiles. The furniture and automotive industries employ these grades as synthetic leathers.

Specialty Plastics

Brisk demand continues to characterize our Styropor® foamable polystyrene business. Tailor-made Styropor packages save numerous steps in packaging and thereby increase efficiency. The excellent insulation properties of the material led to applications in new sectors such as the thermal insulation of tankers transporting liquified natural gas. During the year, demand for Styropor could not be met fully due to raw material shortages. We succeeded in increasing sales of Styrodur® extruded polystyrene foam. Styrodur is primarily used for insulating roofs, cold storage installations, and in road construction. Neopolen® polyethylene foam is now supplied for the manufacture of round-profile joint fillers. Palusol® fire-resistant panels, which have become increasingly significant in preventive fire protection, found a ready market. Interest in our polyurethane grades grows unabated. Sales of polyurethane chemicals, which we market as agent for our subsidiary EURANE, scored above-average gains. Our subsidiary Elastogran GmbH offers technology, systems and machinery for polyurethane processing. Its principal customers are the automobile, furniture and shoe industries. Sales of the company increased favorably. Streamlining of our operations in Germany and abroad contributed substantially to this success.

The brisk demand for Ultramid® and Palatal® engineering plastics could not be satisfied entirely due to scarcity of aromatic intermediates.

Glass-reinforced Ultramid grades, particularly with fire-retardant properties, were increasingly successful. Heating oil tanks made out of glass-reinforced polyamide were well accepted. They



Drum controller molded out of Ultramid plastic to
cycle washing machines



In the ammonia plant at the Ludwigshafen works

are manufactured by our customers who use a rotation molding process developed by us. Our Palatal grades, unsaturated polyesters, gained special importance because of their suitability to the manufacture of containers for a variety of purposes. Palatal tanks are used increasingly for below-ground storage of fuel oil. Based on our development work 30,000-liter tanks can now be manufactured.

Ultradur®, a polybutylene terephthalate, is a multi-faceted specialty plastic. Grades with selective rigidity were added to the line. The Ultraform® polyformaldehyde production capacities of Ultraform GmbH, a joint venture of BASF Aktiengesellschaft and Degussa, operated at satisfactory levels. Ultraform strengthened its market position. Parts for stress application for the automotive and electrical industries were proved in extensive durability tests and are now mass produced.

Fibers

The market for synthetic fibers continued to improve in 1973. Since the second quarter the cyclohexane scarcity characterized our business. Due to raw material shortages output could not keep pace with the rising demand for monomer and polymer fiber intermediates. In the second half of the year, the predicament was aggravated by a substantial increase in raw material costs which could not be offset by efficiency measures and inevitably led to price increases.

To stay competitive we improved our fiber intermediates production. In December we put a plant for the continuous production of polyester chips on stream.

Basic Chemicals

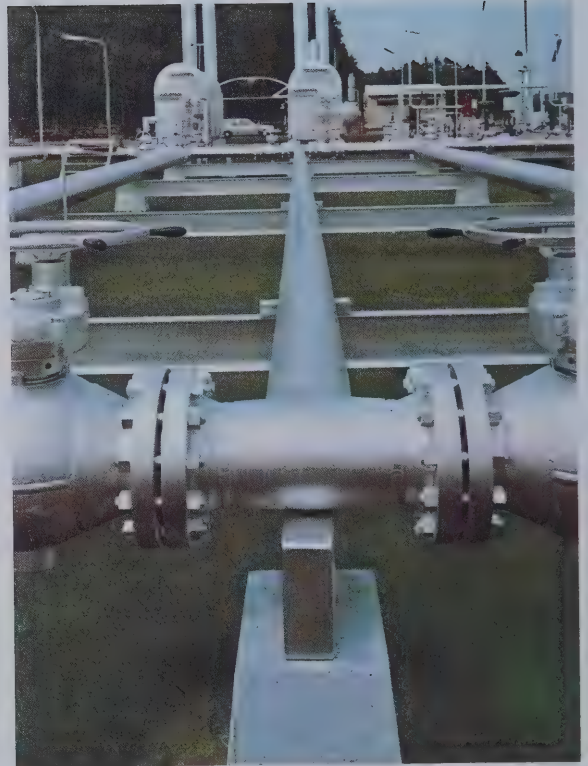
Our large-capacity plants supplying BASF with important basic chemicals operated mostly at capacity. However, in December shortages of petrochemical feedstocks forced production cut-backs. As a consequence demand exceeded our ability to supply. Sales of inorganic intermediates developed well. For the first time we supplied silica gel to a big natural gas dehumidifying plant in the U.S.S.R. Production facilities for BASF catalysts were improved and expanded.

Oil and Gas

This division conducts the activities of Wintershall AG and its subsidiaries in the areas of producing, processing, and marketing oil and natural gas. In 1973 sales increased to DM 2.1 billion. We continued to explore for oil and gas in Europe and overseas. New producing gas wells were tapped in Northern Germany and the Dutch North Sea. In an oil field off the coast of the Arab sheikdom Dubai another oil bearing strata was explored. Delfzee Dubai Petroleum N. V., The Hague, a subsidiary of Wintershall AG, holds a 5 percent interest in this field. We acquired new interests in concessions off the coasts of Texas (U. S. A.), Greece and Qatar.

The company's output of natural gas is largely produced from German wells. Output rose 6 percent to 2.2 billion cubic meters. Lower oil production in Germany was more than offset by the higher output of the Dubai fields. On the whole, oil production increased 8 percent to 1.6 million tons. Wells in the Federal Republic of Germany produced 60 percent of the tonnage.

The processing facilities of our refineries in Lingen and Salzbergen as well as of the Erdöl-Raffinerie Mannheim GmbH operated largely at capacity. At year-end, production had to be throttled at times due to crude oil shortages. The throughput totalling 9.7 million tons was 18.6 percent higher than in the preceding year. Additional 0.5 million tons were processed for us at the Albatros refinery in Antwerp. The investments in the refineries were concentrated on facilities for processing crude oil distillates. In Mannheim a reformer for producing 300,000 metric tons of naphtha per year, and in Lingen a plant for the production of 280,000 metric



Installation for measuring natural gas values at the Wintershall AG pumping station in Rheden, West Germany

tons of bitumen annually are under construction. To comply with the statutory oil reserve requirements we stored, in addition to normal inventories, about 1 million tons oil in 1973. Since fall 1973 a depleted salt mine has been available for crude oil storage. Additional storage facilities are presently being created in salt domes near Nordenham. Sales of our oil products progressed smoothly except for seasonal difficulties with heavy fuel oil. Due to the worldwide shortage of gasoline and light fuel, prices increased during the year and led to improved earnings compared to an unfavorable preceding year. In the concluding months of the year earnings were depressed because the higher crude oil prices instituted in the fall by the OPEC countries could only be absorbed in part by price increases for refinery products.

Fertilizers

Higher sales led to an improvement in earnings compared to the preceding years.

At year-end the world market for fertilizers changed markedly. Rising demand for nitrogenous and phosphoric fertilizers created shortages. Overseas exports grew on the strength of increased demand. Multi-component fertilizers accounted for the major share in sales. We continued our efforts to strengthen our position in the European market. In Germany we added to our Nitrophoska® line a grade with higher nitrogen content. The competitive pressure of nitrogenous fertilizer imports from East bloc countries eased at the end of 1973. As a result we were able to increase our sales.

Business in phosphoric fertilizers and fodders developed favorably. The sales of horticultural products increased.

A drainage system using Styropor® drainage boards for deep excavations and landscaping was perfected. The boards are made by molders using BASF products.

Generally, production facilities operated at capacity. In the concluding months of the year, however, difficulties in the supply of rock phosphate and oil products were experienced. In 1973 rock phosphate costs increased 200 percent.

Capital expenditures were devoted largely to plant maintenance and efficiency improvements as well as environmental protection.



High-efficiency dust separators in the Nitrophoska fertilizer plant in the Ludwigshafen works

Crop Protection Products

Business in crop protection products developed favorably, especially in Europe.

More sugar beet acreage in the European Community and more mechanization in farming provided the opportunity to increase the sales of Pyramin® substantially again. The market position of this highly selective, broadly effective herbicide will be further strengthened by the introduction of new application systems.

The new herbicide Basagran® for soybeans and rice was successfully introduced. The market acceptance for this product and also its use in combination with other herbicides exceeded expectations.

Sales of fungicides expanded on the strength of increasing demand for Calixin®, Cercobin® and Bavistin®. Protecting grain against diseases represents one of our major activities.

Raw material shortages led to tight supplies of intermediates for the production of such products as U 46® formulations, Polyram® grades and some insecticides.

Dyestuffs and Auxiliaries

On the whole business was satisfactory. Despite international monetary problems, demand from abroad reached above-average levels so that export accounted for 72 percent of sales. Business in Germany developed at a slower pace.

In April 1973 Anthrachinon-Produkte BASF-SANDOZ AG, a 50 : 50 joint venture of BASF and Sandoz, was founded. The company will operate production facilities in Antwerp and Basel for the manufacture of the dyestuff intermediates 1-amino anthraquinone and bromamine acid.



Advice on crop protection at a banana plantation in South America

Dyestuffs

Special importance was attached to supplementing our dyestuff lines for synthetic fibers, particularly the Palanil® line for polyester fibers. Brisk demand caused sporadic difficulties in supply. To overcome shortages, particularly in intermediates, new capacities were put on stream. Basacryl® dyestuffs realized strong gains. We took advantage of the market that developed when polyacrylonitrile fibers were substituted for wool. Similarly Lanestren® dyestuffs for wool and for polyester fiber blends profited from this development. Progress was achieved in expanding our line of high-quality pigments for the printing, coating and plastics industries. In pigment preparations, Euthylen® for coloring polyethylene film and Lufilen® for mass dyeing coarse textile materials out of polypropylene continued to develop favorably.

Auxiliaries

The necessity to improve operating efficiencies constantly poses new problems for our principal customers, the textile, leather and paper industries. Our intensive research and development efforts are directed toward supporting our customers with new products and application systems. For instance, the Lufibrol® KB process permits alkaline pretreatment of cellulose fibers within one-hundredth the time formerly required. This continuous process is gentle to fibers and yields a quality not achieved heretofore. Because the process requires little investment it also benefits small manufacturers. As a result sales of Lufibrol grades expanded substantially.

Chemicals

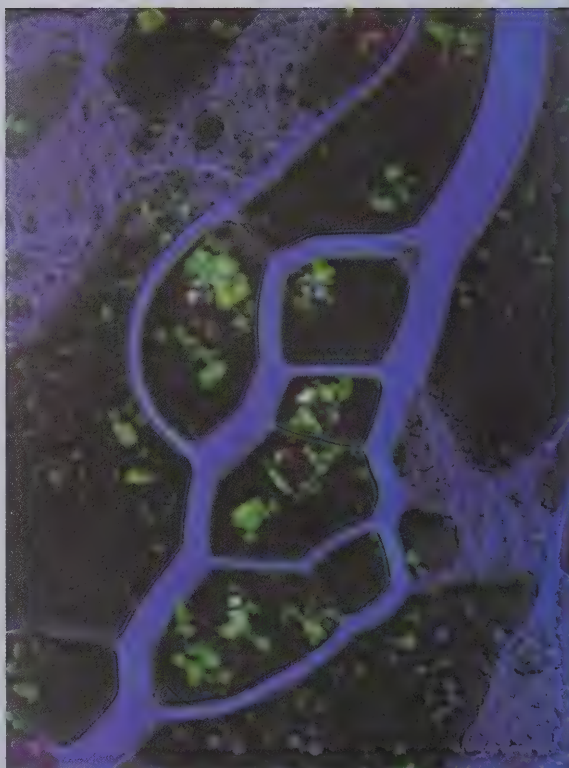
Sales of chemicals reflected above-average gains. Higher raw material costs, especially in the second half of the year, forced price increases. The plants operated mostly at capacity. Demand for some products temporarily exceeded our ability to supply. Business in organic intermediates, particularly acetylene derivatives, was expanded. Production capacities for 1.4-butanediol are being enlarged. At the beginning of the year production facilities for methyl amine were put on stream. Because of the unabated pressure on prices business in adhesives and impregnating resins for the wood-working industry met our expectations only in terms of volume. Overseas exports advanced notably. Sales of Kauresin® impregnating resins, binders for weather-resistant particle boards, increased initially, but then stagnated due to the phenol shortage. As a result the phenol resin plant, which was put on stream in the second quarter, could not always be utilized fully. Kauramine® 772, one of the newly-introduced resins, allows customers to reduce the time for laminating particle boards with melamine resins. In early 1973 Colles et Résines Adhésives du Midi S. A. (CORAM), a joint venture of BASF Aktiengesellschaft and Azote et Produits Chimiques S. A. (APC) in Toulouse, put a plant for the production of 60,000 metric tons per year of formaldehyde and Kaurit® adhesives on stream. Sales of Palatinol® plasticizers for polyvinyl chloride advanced substantially. Business in plasticizers produced by BASF Española S. A. in Tarragona developed very satisfactorily. Consequently we intend to expand these production facilities shortly. Special plasticizers for polyamides, which we introduced at the end of 1972 under the tradename



Testing equipment for textile auxiliaries in the application laboratories of the Ludwigshafen works can be set up readily to conform to customer's process

Cetamol® found good acceptance in the market. Business developed well in specialties for the oil, rubber, pharmaceutical and cosmetic industries as well as in flocculants for water treatment. New products for these sectors are expected to boost sales. For certain crude oils we introduced new Separol® grades to separate salt water and oil better and more rapidly. Kollidon® for tableting was high in demand. In the area of animal fodders Luprosil® salt and new vitamin formulations were introduced; shortages of soy fodder and fish meal, the natural protein-containing fodders, spurred the demand for fodder urea.

In solvents we expanded our market position. Dimethyl formamide, which is used as spinning solvent for polyacrylonitrile fibers and to a large extent also in processing of polyurethanes, had a significant impact on the solvents product group. In ethylene and propylene oxide derivatives we expanded our line of brake fluids with types that offer improved properties.



Crude oil emulsion in polarized light; start of Separol-activated salt water separation from crude oil

Dispersions

The rise in sales was satisfactory. Higher raw material costs were only partly offset by price increases.

The gain in sales of acrylic monomers was particularly high. Scarcity of acrylic esters boosted demand. By year-end demand outpaced production. Capacities for several monomers are being expanded.

Intensified marketing efforts spurred sales of coating resins and coating auxiliaries. In automotive metallic finishes Luprenal® grades have won a high degree of acceptance. Luhydran® grades for electro-dip coating continued to gain importance. Especially successful were our Laroflex® MP corrosion-proof protective coatings.

Sales of adhesives scored above-average gains in volume as well as in value. Oppanol® grades generated considerable interest as intermediates for flexible sealing profiles.

The range of adhesive intermediates for melt adhesives was supplemented by several special Kuroplast® grades which are used in the shoe and textile industries.

On the whole business in the broad sector of plastic dispersions developed favorably. In Europe our Propiofan® and Acronal® dispersions for paints realized high gains. We expanded our market position in dispersions for adhesives and sealants. Acronal sales for such applications continued to increase.

Research activities concentrated on the production of printing paper with dispersion binders.

The experience gathered with our high-performance paper machine was shared with the trade at an international symposium.

In our laboratories we developed new dispersions for reinforcing non-woven fabrics. We succeeded in formulating heat-sensitive polymer dispersions as binders. With the application of heat the processor can now coagulate the dispersions completely without special additives. The process offers such technical and economic advantages as low binder migration during drying non-wovens and reduced drying energy requirements. The new products have been accepted with great interest by our customers.

In the textile floor covering markets we could not fulfill all the opportunities open to Butofan® dispersions due to shortages of important intermediates.

The growth of business in Spain prompted the expansion of plastic dispersions production facilities at BASF Española S.A. in Tarragona. The construction of a plant for polymer solutions and lacquer resins is in progress.



Light tower made weather-resistant with Larodur® coating

Coatings

In Germany the business conducted by Glasurit and Herbol within BASF Farben + Fasern AG failed to meet expectations. The subsidiaries Kompakta-Werke Baustoff-GmbH, Traunreut, and Urruzola S. A., Madrid, realized satisfactory gains in sales.

Business in the construction and automotive industries, our principal customers, limited sales increases to marginal gains. As a result rising costs could not be absorbed in full.

Due to market conditions it was difficult to pass on the rise in raw material costs, particularly those incurred at year-end. We view further developments with concern.

Research activities concentrated primarily on developing environment-oriented products, which also offer customers added efficiencies and ease of application. For the first time in Europe it was possible to mass produce doors and boards laminated with solvent-free fluid lacquers which cure upon exposure to electron rays so rapidly that, for instance, every eight seconds a finished door leaves the assembly line. The durability and hardness of the lacquers exceeds former quality standards appreciably. For coating wires used in motors and transformers an insulating, heat-resistant coating that is applied in molten form was developed.

For electrostatic powder coating without solvents, adaptable to extensive automation, a broad range of multifaceted products is available, primarily for industrial coatings of electrical appliances, steel furniture and similar applications. Production facilities for such powders are under construction and will be put on stream in 1974.



Studio of the Austrian radio in Salzburg. The concrete was sprayed with Herbol Metallic Dispersions, the first solvent-free plastic dispersions providing a metallic effect

Special Colors

Business in special pigments developed favorably. The demand for our inorganic color pigments was particularly strong. The production capacities did not suffice to fulfill all orders. Sales of pigment blends and preparations, primarily for coloring plastics, rose appreciably. In overseas markets we strengthened our activities successfully. Substantially higher costs could only be partly absorbed; price increases were inevitable. The sales organization for special pigments was streamlined. Activities abroad were also reorganized. In the first months of 1973 the great demand for oil-based printing inks exceeded our capacities. Export expansion contributed substantially to higher sales. In the second half of the year demand attained normal levels. Efficiency improvements such as streamlining the product range and operations did not offset cost increases.

Magnetic Recording Media and Nyloprint

Above-average gains in sales were achieved in this sector. Accordingly we expanded our European production facilities.

Magnetic Recording Media

Our tape and compact cassette production facilities operated at full capacity.

We successfully maintained our policy of offering customers still higher quality and introduced a "professional" tape for amateurs. The strong demand for our top products "Chromium Dioxide Cassettes with SM (Special Mechanics)" and the low-noise, high-output "LH Cassette with SM" led briefly to delivery delays.

Business in cassette recorders was satisfactory.

We expect favorable sales of the hi-fi stereo cassette decks which were introduced recently at the Berlin Radio & TV Fair.

Our business in recorded music continued to develop successfully. Several BASF records received national and international awards. In electronic data processing the demand for computer tapes and disk packs exceeded expectations. Production capacities were expanded. Since entering the market for peripheral computer equipment we produced 6,000 units for electronic data processing until year-end 1973. These BASF EDP products are now sold in 71 countries.



Sample tiles with ceramic reactive dyestuffs being tested at the Besigheim works after annealing

Nyloprint®

Nyloprint continued to develop rapidly and led to above-average gains. Accordingly we started to expand our Nyloprint plant at Willstätt. The start-up of the new facilities is scheduled for 1974.

Pharmaceuticals

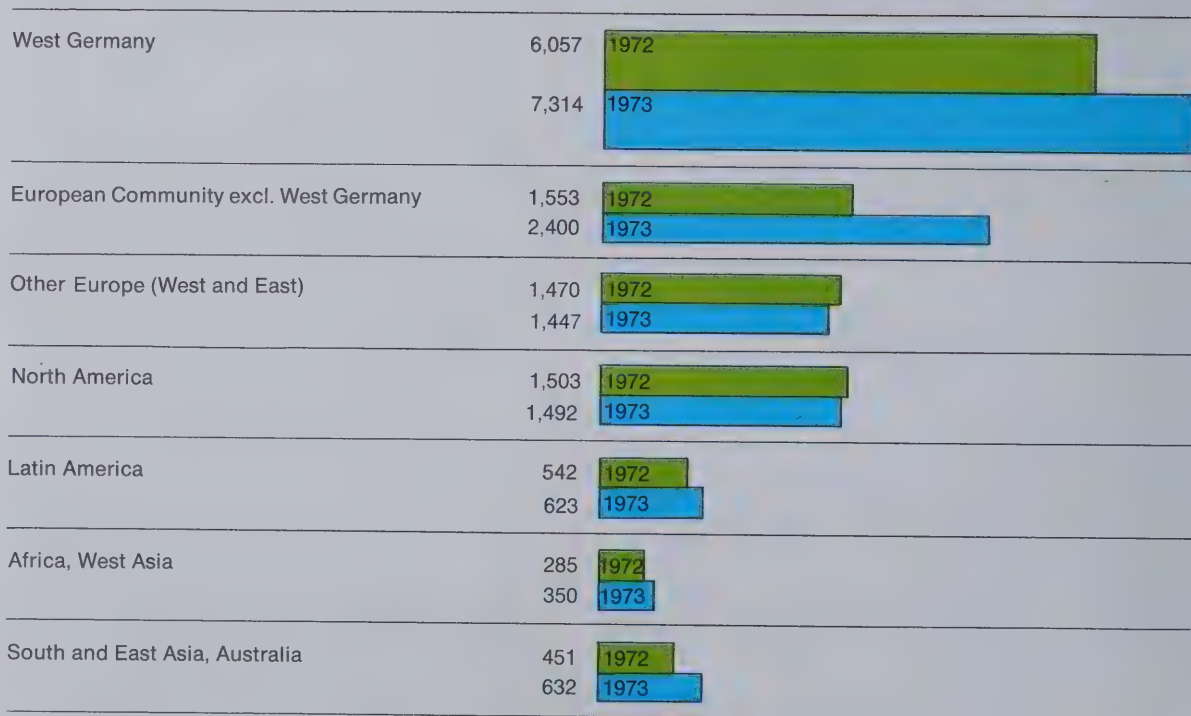
Pharmaceutical specialties continued to develop favorably. Sales of Nordmark-Werke GmbH, Hamburg, rose 11.7 percent, and those of the companies in the Biosedra group 11 percent. Four new pharmaceutical specialties introduced last year found good acceptance and augmented our line of drugs for venous diseases, infections and vitamin and mineral deficiencies.



Printing newspapers with Nyloprint in Mexico

BASF Group Sales by Region

million DM



Taking into account the entry of Denmark, Great Britain and Ireland into the European Community the respective, comparable figures for 1972 are

European Community excl. West Germany DM 1,890 million
Other Europe (West and East) DM 1,133 million

Regional Divisions

North America

In 1973 North America experienced a strong economic upswing. However, developments in the U. S. were influenced by government controls on wages and prices as well as by higher energy costs and shortages of important raw materials. The consolidated sales of all companies active in this region rose 21 percent to U. S. \$ 560 million. Converted into DM, however, this increase is offset by the changed currency relations so that only the preceding year's total of about DM 1.5 billion is shown.

Earnings of our U. S. companies continued to improve. Plant facilities operated at a high level. Investments in efficiency improvements as well as new capacities contributed substantially to this favorable development. The competitiveness of our exports to the U. S. and Canada was impaired by the changed DM/Dollar relation.

At year-end the BASF Group in North America employed 11,700 persons at 27 production sites. Significant activities are highlighted in the reports on the companies.

Latin America

In spite of differences in the economic development and high inflation rates of some countries, Latin America as a whole manifests growing economic strength.

Sales advanced 14.9 percent to DM 623 million. Approximately half of the sales stemmed from local production of BASF companies.

Due to raw material shortages, especially in fiber intermediates, we could not realize all export opportunities to this region. Production in Latin



Jet engine cleaning with BASF Wyandotte chemical specialties at Eastern Airlines in Miami



Retailing BASF magnetic tapes in Brazil

America, too, was affected by shortages in raw materials, especially styrene.

In most countries favorable market conditions led to full utilization of our production facilities and to a distinct improvement in earnings. Particularly Brazil with its continuing rapid development was a focal point for our efforts. Significant activities are described in the reports on the companies.

Africa and West Asia

Business in the 60 countries of this region consists primarily of exports from BASF's European production plants. Our strengthened marketing organization increased sales 22.8 percent to DM 350 million. Earnings improved substantially. Dyestuffs and auxiliaries, fertilizers and chemicals accounted for the major share of the region's business. Our highest sales were achieved in Turkey, Iran and South Africa.

South and East Asia, Australia

Demand for our products increased sharply in this region. Proceeds reached a satisfactory level. Business was primarily determined by our ability to supply. By contrast, currency problems diminished in importance.

Sales rose 40.1 percent to DM 632 million.

Exports from our European production continued to play a dominant role. The highest growth rates were achieved in Japan, South Korea, Australia, Singapore and the Philippines. Sales of dyestuffs and auxiliaries, fertilizers, chemicals as well as plastics developed particularly well. Business in products manufactured locally was satisfactory, too.

Despite various cost increases earnings improved markedly.

In April 1974 BASF Aktiengesellschaft and Mitsui Toatsu Chemicals, Tokyo, agreed to establish a joint venture, Mitsui Badische Dyes Ltd. Requests to obtain the necessary governmental authorization in Japan have been filed. Each parent company will hold 50 percent of the projected capital stock of 3,000 million Yen.

The company will produce dyestuffs for synthetic fibers. BASF Japan Ltd. and Mitsui Toatsu Chemicals will market the products.



A customer of BASF Nigeria demonstrates African batik patterns with Indanthrene®-dyed cotton

BASF Aktiengesellschaft, Ludwigshafen Works Consumption of Conventional Fuel

t SKE*

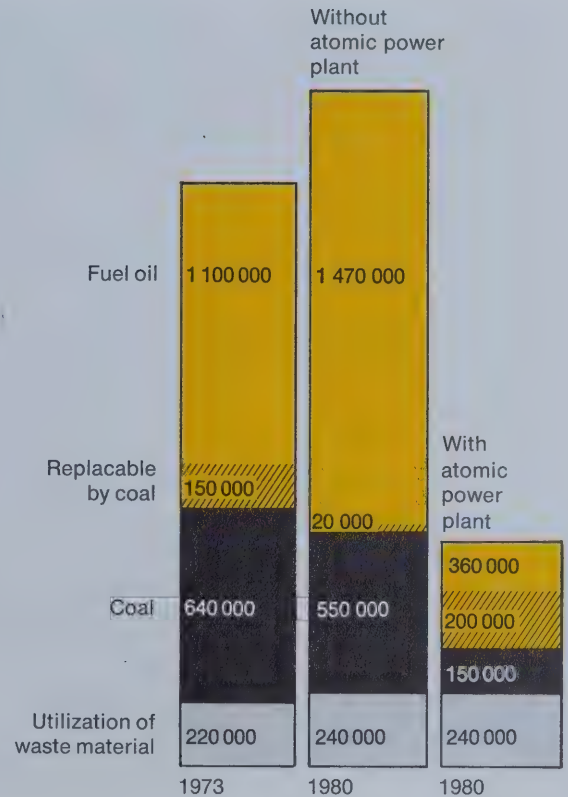
Other Activities

Engineering and Construction

In spite of the greater volume of capital expenditures new plants were designed and constructed on schedule. More than one third of the projects were located outside of Ludwigshafen. Within the framework of our business of designing and constructing production facilities for third parties we started to erect plants in the Soviet Union, Roumania and France.

In 1973 steam consumption of BASF's Ludwigshafen works totaled 2,000 to 2,500 tons per hour, power consumption 600 to 700 MWh. About 40 percent of the steam is produced by tapping heat from processes and by burning production waste. The additional requirements are covered by coal and oil. Fuel consumption is shown in the accompanying diagram. Due to the limited crude oil supply toward the end of the year we reduced consumption of heavy fuel oil immediately by switching to coal wherever possible. At year-end prices for heavy fuel oil exceeded those for coal appreciably. An atomic power plant is the best long-term solution to assure the energy supply of the Ludwigshafen works. It would lower consumption of fossil fuels and reduce emissions substantially. Furthermore, the projected BASF atomic power plant, designed to generate both power and heat, primarily process steam, will be more efficient than a plant producing power only.

In January 1974 the Atomic Reactor Safety Commission of the Federal Department of the Interior approved BASF's concept for the planned construction of an atomic power plant in Ludwigshafen, "as a basis for the authorization procedure." We expect the authorities to decide in time to start plant operations by 1980 at the latest.



* 1 t SKE, the calorific value of 1 metric ton bituminous coal, equals 7 million kilocalories

Environmental Protection

By means of various technical measures we continued to improve environmental conditions inside and outside of the Ludwigshafen production complex. A central monitor station operating around the clock supervises the emissions of the entire works. Upon receipt of complaints the station determines the cause and initiates remedial measures. Systematic registration of odors helped to reduce the number of sources more than 50 percent.

Waste residue, unavoidable in chemical production, is burned or deposited in ways without harm to the environment. For safe disposal of problematic materials the depleted rock salt mines of our subsidiary Kali und Salz AG are utilized by BASF Group companies and others.

For environmental protection BASF Aktiengesellschaft allocated capital expenditures of DM 120 million in 1973. In addition 80 million covered operating costs. One of the keystones of our environmental protection program is the effluent treatment plant being built for our Ludwigshafen works and the cities of Ludwigshafen and Frankenthal. The plant is expected to be in operation by the end of 1974.

Purchasing

In 1973 Central Purchasing provided DM 2.8 billion (1972: DM 2.2 billion) worth of supplies and services for BASF Aktiengesellschaft and a number of Group companies. Toward the end of 1973 a wave of price increases for oil products and petrochemical feedstocks, exceeding normal fluctuations, became particularly evident. We expect purchasing prices for many raw materials to be three to four times higher in 1974 than in the preceding year. Including business expansion we project a purchasing volume totaling DM 4.5 billion in 1974. All purchasing will be affected by substantial price increases. The new price level is expected to form the basis of the future cost structure.

Distribution

In 1973 the transportation of goods posed bigger challenges for the BASF Group. The quantity of transported goods inside the Ludwigshafen works rose 9 percent to 18 million metric tons. Incoming and outgoing freight accounted for about 13 million metric tons.

To further improve order handling and deliveries to customers BASF Aktiengesellschaft put a fully integrated data processing system into operation. The system also reduces personnel costs per order. Freight rates developed differently in each transportation sector. In Germany rates and costs of rail and truck transportation were higher as a result of increased fuel prices. International truck transportation operated largely at previous year's rates. Considerable increases in sea and waterway shipping costs were reduced to acceptable levels by expedient utilization of the available transport volume and by long-term contracts.



Beginning in 1975 approximately 240 million cubicmeters of effluent will be treated chemically, biologically and mechanically at the BASF treatment plant in Ludwigshafen each year

Sales Coordination

To consolidate our sales organization we merged the agencies of BASF Group companies and BASF Aktiengesellschaft in several countries. Despite sharp increases in personnel costs we were able to keep costs in our German sales offices and European sales companies within limits. The ratio of costs to sales improved.

In Moscow we established a liaison office in order to be directly represented in the U.S.S.R. and the COMECON countries.

We promoted exports through swaps with countries short of foreign currencies. Products taken in exchange were utilized or sold.

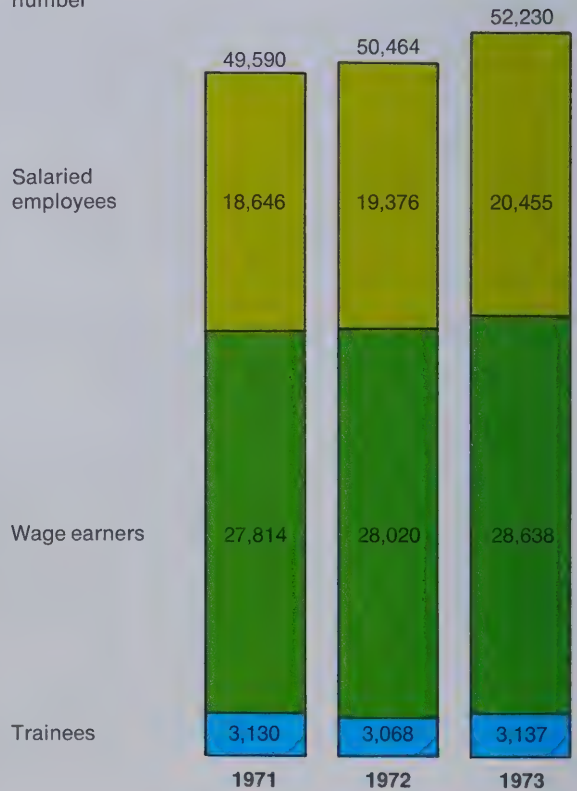
We continued our advertising activities, particularly in consumer-related markets, by promoting our products to both the trade and the consumer.

Our trade policy efforts, directed toward the abolishment of restrictive trade barriers, concentrated on the GATT conference which began at the end of 1973.

Employees

Personnel of BASF Aktiengesellschaft

number



Employees of BASF Group

1973 was another year of challenges for our employees. We appreciate their efforts in meeting the various and often difficult problems successfully. We revere the memory of our employees and retirees who died in 1973.

Of the 107,539 employees in the BASF Group about 80 percent worked in Germany and 20 percent abroad. The increase of almost 2,000 employees at our subsidiaries abroad is principally due to the inclusion of more subsidiaries in the Group consolidation and the expansion of our activities, primarily in the U. S., South America and Belgium. At year-end BASF Aktiengesellschaft employed 4,596 wage earners of other countries. Their share in the total labor force increased from 7.2 to 8.8 percent.

Fluctuations within our total average workforce rose from 8.4 percent in 1972 to 9.8 percent in 1973. Cooperation with the employees' representatives was characterized by the willingness on both sides to find factual and constructive solutions. However, the Betriebsverfassungsgesetz (federal law covering labor-management relations) of 1972 posed some difficulties at times because a number of its provisions do not sufficiently take into account the special characteristics of big companies. We appreciate the cooperation of all employees' representatives.

	1972	1973	Change in percent
BASF Aktiengesellschaft			
employees	50,464	52,230	+ 3.5
– of which trainees	3,068	3,137	+ 2.2
German subsidiaries and affiliates			
employees	34,641	34,371	– 0.8
– of which trainees	1,155	1,208	+ 4.6
Subsidiaries and affiliates abroad			
employees	18,949	20,938	+ 10.5
BASF Group	104,054	107,539	+ 3.3

Personnel costs

Wages and salaries, including legally required and voluntary fringe benefits, of BASF Aktiengesellschaft rose 13.4 percent to DM 1.775 billion. The 1973 labor contract was signed after long and hard negotiations and some short walkouts at our works in Ludwigshafen. The resulting increase of wages and salaries, effective April 1, 1973, represents an added annual outlay of DM 100 million. Additional expenses were incurred under the new labor contract and by higher, legally required social security contributions.

About 90 percent of our employees took advantage of the so-called 624-DM-law and saved DM 26.4 million of which the company, as per labor contract, contributed DM 12.2 million. Since the law came into effect, our employees saved more than DM 118 million. Of this amount the company contributed DM 51 million.

BASF offered salaried employees who are not covered by this contract the opportunity to purchase 5 BASF shares with the legally prescribed selling restriction at a discount.

Altogether about 11,000 employees of BASF Aktiengesellschaft used all or part of their net annual bonus to purchase BASF shares with a total nominal value of DM 13 million. Since 1955, shares with a nominal value of DM 70 million have been purchased by our employees. We consider this fringe benefit a valuable contribution to the formation and diversification of personal assets.

Training

In 1973 more than 1,100 young people started their training at BASF Aktiengesellschaft. At year-end there were altogether 3,137 trainees who prepared in modern training centers for their future professions. They represent 6 percent of the labor force. Training programs for 49 professions are being conducted in the works. Together with other chemical companies Sales Coordination developed a new concept offering high-school graduates an alternative to university studies in the form of special training which prepares trainees to become Wirtschaftsassistent (business assistant). In addition we initiated together with professors of the Ludwigshafen school for advanced studies in economics a two-year program which permits employees with basic commercial training to earn a degree in business administration.

Sponsored by the Federal Ministry of Labor and Social Affairs as well as the "Bundesanstalt für Arbeit" (Federal Labor Office) and in cooperation with the "Internationale Bund für Sozialarbeit" (International Association of Social Work), we organized beginning in the fall of 1973 preparatory courses for young foreign workers.

Our program for the professional development of our employees was expanded substantially with the opening of a new center for professional advancement in Dannenfels. We now operate two centers in the Palatinate. These facilities train 3,500 employees annually. We will continue to promote professional advancement and training and provide commensurate training facilities. We recognize the importance of professional training for young people as well as for the company.



Newsletters keep employees abreast of developments
in the company

Social benefits

Coordination of voluntary fringe benefits within BASF Group was continued. We developed uniform benefit guidelines for German Group members. 21,208 former employees of BASF Aktiengesellschaft or their dependents received payments from the pension fund.

The housing project "Pfingstweide" initiated together with the city of Ludwigshafen will soon be completed. The last of the 1,500 dwellings will be ready for tenants in 1974.

By 1973 LUWOGGE Wohnungsunternehmen GmbH, a wholly-owned subsidiary, and GEWOGGE Gemeinnütziges Wohnungsunternehmen GmbH (holding: 97 percent) owned more than 10,000 dwellings. They are primarily occupied by employees of BASF Aktiengesellschaft. More than 1,100 employees obtained loans for the acquisition of homes or condominiums.

The BASF health insurance fund had to increase its premiums to offset higher costs.

We continued to promote sports. The number of employees participating in company athletic activities continued to rise. At our Ludwigshafen works we organized gymnastics in some offices and plants.

In preventive health care our measures and services have often been instituted ahead of legislation.

The new German law covering company physicians will require only minor changes in BASF's medical department. 14 physicians and 6 dentists care for the health of the employees in the Ludwigshafen works; they are assisted by 115 members of the medical department. Their activities include – besides first-aid for accidents and acute illnesses – medical examinations prior to recruitment, control tests and prophylactic medicine. Preventive health care was extended to some Group companies.

Major Subsidiaries and Affiliates

Structure of BASF



BASF AG
Sales: DM 6.90 billion

BASF AG and consolidated
German subsidiaries
36 companies, sales: DM 11.41 billion

BASF Group
103 companies
Sales: DM 14.26 billion

BASF world
285 companies
Sales: DM 15.95 billion

BASF Group

Companies included in the consolidation

Simplified diagram


BASF Aktiengesellschaft, Ludwigshafen ¹ Capital Stock: DM 1,541.2 million					
BASF Handels- und Export-Gesellschaft mbH, Ludwigshafen ¹ Capital Stock: DM 3 million	100 %		Wintershall AG, Celle/Kassel Capital Stock: DM 176 million	95.7 %	
BASF Kraftwerk Marl GmbH, Marl ¹ Capital Stock: DM 25 million	100 %		Burbach-Kaliwerke AG, Kassel ¹ Capital Stock: DM 34 million	84.8 %	
Canapol Chemie-Beteiligungs-Gesellschaft mbH, Ludwigshafen ¹ Capital Stock: DM 0.02 million	100 %		Chemikalien-Aktiengesellschaft, Frankfurt ¹ Capital Stock: DM 3 million	100 %	
Chemische Düngelfabrik Rendsburg GmbH, Rendsburg ¹ Capital Stock: DM 0.1 million	100 %		COMPO GmbH Produktions- u. Vertriebsges., Handorf Capital Stock: DM 4 million	100 %	
Elastogran GmbH, Lemförde Capital Stock: DM 30 million	100 %		Erdöl-Raffinerie Mannheim GmbH, Mannheim Capital Stock: DM 60 million	60 %	
11 German subsidiaries ²			Gewerkschaft Haidkopf, Celle ¹ Capital Stock: DM 0.24 million	100 %	
Gewerkschaft Auguste Victoria, Marl Capital Stock: DM 30 million	100 %		Guano-Werke Aktien-Gesellschaft, Hamburg Capital Stock: DM 16.8 million	97.1 %	
LUWOG Wohnungsunternehmen GmbH, Ludwigshafen ¹ Capital Stock: DM 78 million	100 %		Kali-Bank AG, Kassel ¹ Capital Stock: DM 2 million	100 %	
Nordmark-Werke GmbH, Hamburg ¹ Capital Stock: DM 20 million	100 %		MIHAG Handelsges. für Mineralölerzeugn. mbH, Düsseldorf ¹ Capital Stock: DM 10 million	100 %	
BASF Farben + Fasern AG, Hamburg Capital Stock: DM 215 million	100 %		WIESÖL Mineralölhandelsges. mbH, Wiesbaden ¹ Capital Stock: DM 2 million	100 %	
Dr. Beck & Co. AG, Hamburg ¹ Capital Stock: DM 3 million	100 %		Kali und Salz AG, Kassel Capital Stock: DM 250 million	71.8 %	
Compakta-Werke Baustoff-GmbH, Traunreut ¹ Capital Stock: DM 1 million	100 %		Chemische Fabrik Kalk GmbH, Cologne ¹ Capital Stock: DM 30 million	100 %	
Vaerst & Co., Hamburg Capital Stock: DM 5 million	87.5 %		Alwinal Potash of Canada Ltd., Lanigan, SASK. Capital Stock: 10 million Canadian Dollars	50 %	
Urruzola S.A., Madrid Capital Stock: 100 million Pesetas	95.4 %		Gewerkschaft Victor, Chemische Werke, Castrop-Rauxel Capital Stock: DM 50 million	50 %	
4 European subsidiaries			Delfzee Dubai Petroleum N.V., The Hague Capital Stock: 25 million Dutch Guilders	100 %	
Rheinische Olefinwerke GmbH, Wesseling ¹ Capital Stock: DM 300 million	50 %		Delfzee Dubai Handelsmij. B.V., The Hague Capital Stock: 0.01 million Dutch Guilders	100 %	
			Produits et Engrais Chimiques du Rhin S.A., Ottmarsheim Capital Stock: 125 million French Francs	50 %	


¹ Profit transfer agreements between these companies and their parent companies

² Beteiligungsgesellschaft Elastogran Polyurethan-Chemie mbH, Lemförde; Beteiligungsgesellschaft Kunststoff-Verfahrenstechnik Dr. Ernst mbH, Strasslach; Elastogran Polyurethan-Chemie GmbH & Co. KG, Lemförde; Kunststoffbüro München GmbH, Munich; Kunststoffbüro München GmbH & Co., Geiselbullach; Kunststoffbüro Osnabrück GmbH, Osnabrück; Elastogran Maschinenbau GmbH + Co., Strasslach; Lemförder Kunststoff GmbH, Lemförde; Lemförder Kunststoff GmbH & Co. KG, Lemförde; Technische Akustik GmbH, Lemförde; Technische Akustik GmbH & Co., Lemförde

BASF Antwerpen N.V., Antwerp Capital Stock: 4,000 million Belgian Francs	100 %
BASF Española S.A., Barcelona Capital Stock: 1,100 million Pesetas	100 %
Suma S.A., Gien (Loiret) Capital Stock: 6.1 million French Francs	100 %
Ammoniak Unie B.V., Utrecht Capital Stock: 16 million Dutch Guilders	50 %
Badische-Philips Petroleum N.V., Antwerp Capital Stock: 200 million Belgian Francs	50 %
Compagnie Chimique de la Méditerranée, Berre-l'Etang Capital Stock: 30 million French Francs	50 %
Danubia Olefinwerke Ges.m.b.H., Schwechat near Vienna Capital Stock: 220 million Austrian Shillings	50 %
Dispersions Plastiques S.A., Paris Capital Stock: 10 million French Francs	50 %
EURANE-Européenne du Polyuréthane S.A., Paris Capital Stock: 70 million French Francs	50 %
S.E.G.E.D.I.T. S.A., Malakoff Capital Stock: 6.3 million French Francs	50 %
Laboratoires Biosedra S.A., Malakoff Capital Stock: 6.3 million French Francs	50 %
Pharmasynthèse S.A., St. Pierre-les-Elbeuf Capital Stock: 1 million French Francs	50 %
BASF Holding-AG, Zurich Capital Stock: 50 million Swiss Francs	100 %
9 European sales companies (majority-owned affiliates)	
BASF Chemiewerte-AG, Zurich Capital Stock: 10 million Swiss Francs	100 %
BASF AG für Chemieverfahren, Chur Capital Stock: 2 million Swiss Francs	100 %
BASF Holding Luxemburg S.A., Luxembourg Capital Stock: 380 million Luxemb. Francs	100 %
BASF Australia Ltd., Melbourne Capital Stock: 2.8 million Austr. Dollars	100 %
Yuka Badische Company Ltd., Yokkaichi Capital Stock: 600 million Yen	50 %

LUCHEM Corporation, New York, N.Y. Capital Stock: 132.6 million U.S. Dollars	100 %
BASF Wyandotte Corporation, Wyandotte, Mich. Capital Stock: 83.2 million U.S. Dollars	100 %
6 North American majority-owned affiliates	
BASF Canada Ltd., Montreal Capital Stock: 34.7 million Canadian Dollars	100 %
Howards & Sons (Canada) Ltd., Cornwall/Ontario Capital Stock: 0.1 million Canadian Dollars	100 %
Dow Badische Company, Williamsburg, Va. Capital Stock: 111.2 million U.S. Dollars	50 %
9 majority-owned affiliates	
BASF Overzee N.V., Willemstad (Netherlands Antilles) Capital Stock: 17.9 million Neth. Antilles Guilders	100 %
BASFIN Corporation, New York, N.Y. Capital Stock: 2 million U.S. Dollars	100 %
BASF Transatlantica S.A., Panama Capital Stock: 14 million U.S. Dollars	100 %
BASF Argentina S.A.I.C.I.F. y M., Buenos Aires Capital Stock: 18.5 million Argentinian Pesos	100 %
BASF Brasileira S.A., São Paulo Capital Stock: 102.1 million Cruzeiros	100 %
Isopor-Indústria S.A., São Bernardo do Campo Capital Stock: 17.8 million Cruzeiros	100 %
Glasurit do Brasil S.A., São Bernardo do Campo Capital Stock: 40 million Cruzeiros	68.7 %
BASF Mexicana S.A., México, D.F. Capital Stock: 45 million Mexican Pesos	100 %
BASF Química Colombiana S.A., Bogotá Capital Stock: 26.8 million Colombian Pesos	100 %

 companies included in the Group financial statements and in the consolidated financial statements of BASF Aktiengesellschaft and its consolidated German subsidiaries

 companies included in the Group financial statements only

As of December 31, 1973

Germany

BASF Farben + Fasern AG, Hamburg

Holding acquired: 1967/1972
Capital stock: DM 215 million
Holding: 100 percent
Products: Protective coatings and
 paints, printing inks,
 special pigments, fibers
 and fiber technology

Employees: 7,844

Capital expenditures: DM 37.4 million

Sales:* DM 733.8 million

Pre-tax earnings:* DM 25.9 million

Sales of BASF Farben + Fasern AG and its subsidiaries totaled DM 834 million. For a report on its activities in coatings see page 34 and in special colors page 36.

Activities in fiber customer service and research effectively supported the marketing of fiber intermediates of BASF Aktiengesellschaft. At Lutravit Spinnvlies GmbH & Co., Kaiserslautern, in which Freudenberg & Co. holds a 50 percent interest, the production capacities for polyamide spun-bonded material operated at satisfactory levels during the year. The start-up of production facilities for polyester spun-bonded materials in the second half of the year completed the first construction phase. Since year-end BASF Farben + Fasern AG holds our interest in Dow Badische Company, Williamsburg, Virginia, U.S.A.

BASF Kraftwerk Marl GmbH, Marl

Holding acquired: 1962
Capital stock: DM 25 million
Holding: 100 percent
Product: Electricity
Employees: 222
Capital expenditures: DM 0.7 million
Sales: DM 53.9 million

The earnings of the company were transferred to BASF Aktiengesellschaft under a profit transfer agreement.

The coal requirements are covered entirely by our Auguste Victoria mine which is located adjacent to the power plant. Of the 1,692 million kilowatt hours generated, 1,521 million were transmitted via the RWE grid to BASF Aktiengesellschaft in Ludwigshafen and 60 million to the Auguste Victoria mine.

Elastogran GmbH, Lemförde

(including its majority-owned German affiliates)

Holding acquired: 1969
Capital stock: DM 30 million
Holding: 100 percent
Products: Polyurethane systems,
 machinery and plants for
 polyurethane processing,
 polyurethane
 engineering parts

Employees: 1,153

Capital expenditures: DM 5.4 million

Sales: DM 206.3 million

Pre-tax earnings: DM 13.8 million

* net sales and earnings before income taxes in this case and for the following companies

Business of Elastogran's German companies progressed favorably. Sales rose 23.8 percent. Sales and earnings of the affiliates abroad, assigned to the subsidiary Elastomer AG, continued to develop satisfactorily.

The Stockholm court of arbitration that is to decide the claim of Elastogran GmbH against VEB Synthese-Werk Schwarzheide, German Democratic Republic, will probably hear the case in the first half of 1974. DM 48 million in damages are claimed. At the same time the court will decide the countersuits of VEB Schwarzheide for damages of about DM 45 million.

In the action brought by the seller of the Elastomer/Elastogran group against BASF Aktiengesellschaft before a German court of arbitration, the claims – insofar as decided now – were rejected in several partial awards. BASF Aktiengesellschaft on its part was successful with its two countersuits. In this connection we also view the plea of nullity and the contesting action based on a presumed undervaluation of our share in the Elastomer AG brought by a stockholder against BASF Aktiengesellschaft's financial statements of 1971 and the ratification of the actions of the Supervisory Board and the Board of Executive Directors at the last annual meeting.

Gewerkschaft Auguste Victoria, Marl

Holding acquired: 1907/1953

Capital stock: DM 30 million

Holding: 100 percent

Product: Coal

Employees: 5,394

Capital expenditures: DM 11.5 million

Sales: DM 219.1 million

Pre-tax earnings: DM – 19.3 million

As a result of temporary difficulties in mining, the bituminous coal output of 2.5 million metric tons was 5.5 percent lower than last year; preparations for mining deeper seams were started. The resulting expenditures and lower output contributed to the loss.

The price decline for coal continued throughout the first three quarters of the year. The trend was only reversed in the last quarter, but the higher proceeds could not offset the depressed proceeds realized earlier. Improved proceeds plus the reduction of stock piles led to a 5.2 percent increase in sales. Sales to third parties totaled DM 140.9 million. After years of moderate earnings a major loss was incurred. The consolidation in bituminous coal mining envisioned by the federal government in its energy program did not yet show its effects in 1973. Business is expected to improve in 1974 on the strength of growing demand for bituminous coal.

Nordmark-Werke GmbH, Hamburg

Holding acquired: 1968
Capital stock: DM 20 million
Holding: 100 percent
Products: Pharmaceuticals
Employees: 1,014
Capital expenditures: DM 4.1 million
Sales: DM 82.2 million

The earnings were transferred to BASF Aktiengesellschaft under a profit transfer agreement. Sales rose 11.8 percent. An above-average increase was realized abroad.

Capital expenditures were primarily committed to replacements and efficiency improvements as well as the first construction phase of a new warehouse for pharmaceuticals.

Rheinische Olefinwerke GmbH (ROW), Wesseling

Holding acquired: 1953
Capital stock: DM 300 million
Holding: 50 percent
 (50 percent Deutsche Shell AG)
Products: Polyolefines, styrene, butadiene, epoxy resins
Employees: 3,635
Capital expenditures: DM 143.1 million
Sales: DM 1,072 million

The earnings of the company were transferred to the parent companies under profit transfer agreements. Sales advanced 40 percent and for the first time exceeded one billion DM. Due to raw material shortages during the last quarter output of major products had to be reduced. Sales of polyolefines marketed by BASF under the tradenames Lupolen, Oppanol® B, Novolen and Lucobit increased

favorably. The volume of Epikote® resins sold by Deutsche Shell Chemie GmbH was bigger than in the preceding year.

Production capacity was expanded by a 120,000 metric ton-per-year plant for the manufacture of Lupolen and by an additional 130,000 metric ton-per-year butadiene plant. At the beginning of 1974 the production of thermoplastic rubber was started.

Cost increases, primarily due to raw materials, were absorbed in part by higher prices.

Earnings reached the previous year's level, but were still unsatisfactory. However, rapid plant expansions caused substantially higher depreciation and interest expenses.

Wintershall AG, Celle/Kassel

Holding acquired: 1968/69
Capital stock: DM 176 million
Holding: 95.7 percent (control agreement)
Products: Petroleum products, crude oil, natural gas, fertilizers, chemicals and rock salts (group)
Employees: 3,193
Capital expenditures: DM 46.6 million
Sales: DM 1,418.7 million
Pre-tax earnings: DM 116.2 million

Wintershall group sales increased 27 percent to DM 4.0 billion of which oil taxes accounted for DM 0.5 billion. The company continues to be primarily active in oil and fertilizers. The net income of Wintershall AG of DM 46.2 million permitted, after the transfer of DM 18 million to reserves, a dividend of DM 8.00 per DM 50 share.

For details on the development of its oil and gas business see page 26.

In 1973, too, no decision was reached in the contesting actions brought against the BASF/Wintershall control agreement and the later inclusion of Wintershall into BASF Aktiengesellschaft by several stockholders. The appeal in which the integration is contested will be heard by the Bundesgerichtshof (supreme court) at the end of May 1974.

Reports on Wintershall AG affiliates:

□ Kali und Salz AG, Kassel

(Capital stock DM 250 million, holding 71.8 percent together with Burbach-Kaliwerke AG, employees 9,001)

1973 was a year of consolidation. The Buggingen and Hansa works were shut down. Operations were shifted to the remaining eight potassium salt mines. In the course of reorganization of the three rock salt plants further efficiency measures were taken. After satisfaction of guarantees we sold our holding in the Great Salt Lake Minerals and Chemicals Corporation in the State of Utah, U. S. A. The company had incurred heavy losses.

Sales of DM 812.7 million were 8.0 percent higher than last year. On the whole, Kali und Salz realized a surplus of DM 21.9 million and reduced the loss carryforward to DM 33.0 million as a result of improved earnings from current operations as well as lower extraordinary expenses.

Potassium salt production rose 5.4 percent to 2,265,000 metric tons K_2O . The company's output increased 4.8 percent to 2,273,000 metric tons.

Sales in Germany stagnated, exports increased, especially to West European neighbors. Business in chemicals and rock salt developed favorably. In Thomaskali® sales also advanced.

Capital expenditures of DM 69.2 million focused on capacity expansions for magnesium-containing potassium salt fertilizers and highly-concentrated coarse and granulated grades. The subsidiary Chemische Fabrik Kalk GmbH (capital stock DM 30 million, holding 100 percent) increased its sales to DM 304 million.

The improved sales position of Alwinal Potash of Canada Ltd. (capital stock Can. \$ 10 million, holding 50 percent) led to a 60 percent utilization of capacity.

The loss was lower than last year.

The contesting action against the capital increase of the company of July 13, 1972 was pursued by the plaintiffs. The competent district court in Kassel started to hear the evidence at the beginning of 1974.

□ Erdöl-Raffinerie Mannheim GmbH, Mannheim (Capital stock DM 60 million, holding 60 percent) The rising demand permitted almost full utilization of capacities expanded a year earlier. At year-end the throughput had to be reduced due to crude oil shortages. Sales including oil taxes rose to DM 773.4 million. On the whole, earnings improved compared to last year.

□ Gewerkschaft Victor, Chemische Werke, Castrop-Rauxel (Capital stock DM 50 million, holding 50 percent)

Sales increased to DM 181.7 million. The previous year's profit was not achieved.

□ Guano-Werke Aktien-Gesellschaft, Hamburg (Capital stock DM 16.8 million, holding 97.1 percent) Sales advanced to DM 176.9 million. The result was positive.

□ Produits et Engrais Chimiques du Rhin S.A. (PEC-RHIN), Ottmarsheim, France (Capital stock 125 million French Francs, holding 50 percent)

Sales totaled 162.5 million French Francs.

Technical difficulties did not permit yet the full utilization of production capacities, so that the company experienced another considerable loss.

□ "ALBATROS" S.A. Belge pour le Raffinage de Pétrole, Antwerp (Capital stock 750 million Belgian Francs, holding 62.3 percent)

In 1973 the Albatros refinery operated exclusively on a tolling basis. Throughput was 3.2 million metric tons of crude oil, of which 0.5 million metric tons were processed for Wintershall AG. Sales totaled 1.54 billion Belgian Francs. Earnings were favorable.



Control station in a plant of BASF Española in Tarragona

Abroad

Ammoniak Unie B. V., Utrecht, Netherlands

Holding acquired: 1965
Capital stock: 16 million Dutch Guilders
Holding: 50 percent (50 percent Unie van Kunstmestfabrieken B. V.)
Product: Ammonia
Employees: 42
Capital expenditures: 2.0 million Dutch Guilders
Sales: 39.8 million Dutch Guilders
Pre-tax earnings: 0.7 million Dutch Guilders
 The plant was shut down for technical inspection for two months.
 The ammonia output is shared by both parent companies.

Badische-Phillips Petroleum N. V., Antwerp, Belgium

Holding acquired: 1966
Capital stock: 200 million Belgian Francs
Holding: 50 percent (50 percent Philips Petroleum Company)
Product: Polyvinyl chloride
Employees: 88
Capital expenditures: 8.0 million Belgian Francs
Sales: 78.0 million Belgian Francs
Pre-tax earnings: 11.2 million Belgian Francs
 The plant operated at capacity. Each of the two partners sold half of the output.

BASF Antwerpen N. V., Antwerp, Belgium

Holding acquired: 1964
Capital stock: 4,000 million Belgian Francs
Holding: 100 percent
Products: Nitrophoska, caprolactam, ammonium sulfate, low-density polyethylene, vinyl chloride, ethylene oxide, glycols, ethyl benzene, polystyrene
Employees: 2,762
Capital expenditures: 533.5 million Belgian Francs
Sales: 10,885.4 million Belgian Francs
Pre-tax earnings: 1,183.7 million Belgian Francs
 Sales increased 24 percent. Pre-tax earnings were 36 percent higher. The company's financial structure improved further as a result of the redemption of long-term loans and the formation of reserves. The production facilities operated close to capacity until October. However, the plants using cyclohexane and benzene as raw materials were faced with supply difficulties which impaired capacity utilization in the first half of the year. Capital expenditures concentrated on capacity expansions including the construction of new plants, debottlenecking and improvements of the infrastructure. 102 million Belgian Francs were spent for environmental protection.

BASF Española S.A., Barcelona, Spain

Holding acquired: 1966
Capital stock: 1,100 million Pesetas
Holding: 100 percent
Products: Oxo alcohols, phthalic anhydride, plasticizers, Styropor, plastic dispersions, textile auxiliaries, paint and varnish resins, crop protection products

Employees: 770
Capital expenditures: 287.8 million Pesetas

Sales: 4,629 million Pesetas

Pre-tax earnings: 381.5 million Pesetas

The company advanced its sales 47 percent and again increased its share of the market. Despite difficulties in raw material supplies all plants operated at capacity so that above-average earnings were realized.

Since capital expenditures were considerably lower than the cash flow, the financial structure of the company improved substantially. Plant expansions are in progress.

Compagnie Chimique de la Méditerranée, Berre-l'Etang, France

Holding acquired: 1966
Capital stock: 30 million French Francs
Holding: 50 percent (50 percent Shell Group)

Product: Polyethylene

Employees: 110

Capital expenditures: 5.1 million French Francs

Sales: 97.7 million French Francs

Pre-tax earnings: 10.0 million French Francs

In spite of difficulties in the supply of raw materials the company achieved satisfactory production levels due to improvements of the production process.

Rising proceeds in combination with higher sales led to satisfactory earnings.

Capital expenditures were committed to efficiency improvements and expansions of storage and transportation facilities.

Danubia Olefinwerke Ges.mbH, Schwechat near Vienna, Austria

Holding acquired: 1967

Capital stock: 220 million Austrian Shillings

Holding: 50 percent (50 percent Petrochemie Schwechat Ges.mbH)

Product: Polyethylene

Employees: 155

Capital expenditures: 28.5 million Austrian Shillings

Sales: 446.1 million Austrian Shillings

Pre-tax earnings: 46.3 million Austrian Shillings

Since the ethylene supply was hardly impaired the company achieved a higher output. Improved proceeds in combination with higher sales permitted earnings to increase.

Capital expenditures were twice as high as in 1972 and primarily spent for a 30,000 metric ton-per-year capacity expansion of the polyethylene plant. The additional facilities are scheduled to go on stream in 1974.

Dispersions Plastiques S.A., Paris, France

Holding acquired: 1958
Capital stock: 10 million French Francs
Holding: 50 percent (50 percent Péchiney Ugine Kuhlmann)
Products: Styropor, plastic dispersions
Employees: 67
Capital expenditures: 0.3 million French Francs
Sales: 78.9 million French Francs
Sales decreased slightly because production had to be halved at times during the second half of 1973 on account of a shortage of intermediates.

EURANE – Européenne du Polyuréthane S.A., Paris, France

Formerly Marles-Kuhlmann-Wyandotte S.A.
Holding acquired: 1972
Capital stock: 70 million French Francs
Holding: 50 percent (50 percent Péchiney Ugine Kuhlmann)
Products: Intermediates for polyurethanes
Employees: 260
Capital expenditures: 66.2 million French Francs
Sales: 211.7 million French Francs
Pre-tax earnings: – 5.5 million French Francs
Business in polyether polyols was expanded as planned and strengthened by new products. The start-up of the new toluene diisocyanate (TDI) production facilities caused considerable technical difficulties that could only be resolved at the end of the year. They affected the result negatively.

Suma S.A., Gien (Loiret), France

Holding acquired: 1962
Capital stock: 6.1 million French Francs
Holding: 100 percent
Products: Magnetic foils and tapes, compact cassettes
Employees: 276
Capital expenditures: 3.7 million French Francs
Sales: 25.5 million French Francs
Pre-tax earnings: 3.3 million French Francs
Sales increased 41 percent. Production capacities for compact cassettes and studio tapes were expanded. The company's manufacturing facilities operated at capacity.

BASF Canada Ltd., Montreal, Canada

(including its majority-owned affiliates)
Holding acquired: 1954
Capital stock: Can. \$ 34.7 million
Holding: 100 percent (via Canapol Chemie-Beteiligungs-GmbH)
Products: Oxo alcohols, phthalic anhydride, plasticizers, Styropor, auxiliaries
Employees: 547
Capital expenditures: Can. \$ 3.8 million
Sales: Can. \$ 41.1 million
Pre-tax earnings: Can. \$ 0.2 million (after offset of losses by Canapol)

The company realized a 25 percent gain in sales. The Styropor production capacity was raised from 9,000 to 12,000 metric tons per year. The 45,000 metric ton-per-year oxo alcohol plant faced start-up difficulties until the second half of the year. The resulting losses could not be offset by favorable earnings of other operations.



Knitting polyester yarns at Bentex Mill, Inc., a subsidiary of
Dow Badische Company

BASF Wyandotte Corporation, Wyandotte, Michigan, U. S. A.

(including its majority-owned affiliates)

Holding acquired: 1970

Capital stock: U. S. \$ 83.2 million

Holding: 100 percent

Products: Basic chemicals, organic chemicals, sanitizing chemicals, urethane intermediates, Styropor, dyestuffs and auxiliaries, magnetic recording media, compact cassettes

Employees: 5,316

Capital expenditures: U. S. \$ 28.4 million

Sales: U. S. \$ 379.4 million

Pre-tax earnings: U. S. \$ 10.8 million

Compared to 1972 the company increased its sales 20 percent and improved its earnings 61 percent. At the South Kearny, N.J., works a new plant for the manufacture of Palanil dyestuffs went into operation. The production capacity of the Styropor plant at Jamesburg, N.J., was raised from 36,000 to 60,000 metric tons per year. The BASF Systems Division, operating in the field of magnetic recording media, expanded its business significantly, but did not yet realize a profit.

Dow Badische Company, Williamsburg, Virginia, U. S. A.

(including its majority-owned affiliates)

Holding acquired: 1958

Capital stock: U. S. \$ 111.2 million

Holding: 50 percent (50 percent The Dow Chemical Company)

Products: Acrylic acid, acrylic esters, oxo alcohols, caprolactam, nylon, polyester and acrylic fibers, Lurex® fibers, textiles

Employees: 5,557

Capital expenditures: U. S. \$ 28.3 million

Sales: U. S. \$ 287.8 million

Pre-tax earnings: U. S. \$ 33.2 million

The company had another successful year. Sales increased 23 percent, earnings 73 percent. Fibers, in particular, contributed to this favorable development. The line of Zefran® carpet yarns was again improved by newly developed grades with excellent properties.



Storing foamed Styropor at Isonor-Indústria Plásticos S. A.,
Recife, Brazil

BASF Argentina S.A.I.C.I.F. y M., Buenos Aires, Argentina

Holding Acquired: 1969
Capital stock: 18.5 million Arg. Pesos
Holding: 100 percent
Products: Styropor, plastic dispersions, leather, paper and textile auxiliaries, additives for the oil industry, pigment preparations
Employees: 331
Capital expenditures: 6.6 million Arg. Pesos
Sales: 154.6 million Arg. Pesos
Pre-tax earnings: 6.6 million Arg. Pesos

The new production plants in General Lagos near Rosario were brought to design performance and already utilized in part to capacity. However, production was curbed by raw material shortages in the second half of the year.

BASF Brasileira S.A., Indústrias Químicas, São Paulo, Brazil

(including its majority-owned affiliates)
Holding acquired: 1955
Capital stock: 102.1 million Cruzeiros
Holding: 100 percent
Products: Styropor, foamed Styropor, plastic dispersions, reducing agents, pigment preparations, leather, paper and textile auxiliaries, magnetic tapes and compact cassettes
Employees: 2,011
Capital expenditures: 17.4 million Cruzeiros
Sales: 263.3 million Cruzeiros
Pre-tax earnings: 19.9 million Cruzeiros

The company strengthened its sales organization and expanded its production facilities, especially for dispersions, auxiliaries and magnetic tapes. Sales and earnings advanced in spite of higher raw material costs and shortages in the second half of the year.

BASF Mexicana S. A., México, D. F., México

Holding acquired: 1964
Capital stock: 45.0 million Mex. Pesos
Holding: almost 100 percent
Products: Styropor, foamed Styropor, polyurethane systems, plastic dispersions, pigments and pigment preparations, textile, leather and paper auxiliaries
Employees: 284
Capital expenditures: 7.3 million Mex. Pesos
Sales: 128.3 million Mex. Pesos
Pre-tax earnings: 13.7 million Mex. Pesos
The gain in sales and earnings reflected the favorable economic development of the country.

BASF Química Colombiana S.A., Bogotá, Columbia

Holding acquired: 1969
Capital stock: 26.8 million Col. Pesos
Holding: 100 percent
Products: Formaldehyde, tanning agents, polyester resins, plastic dispersions, textile, leather and paper auxiliaries
Employees: 324
Capital expenditures: 15.9 million Col. Pesos
Sales: 291.4 million Col. Pesos
Pre-tax earnings: 29.3 million Col. Pesos
Business developed satisfactorily and permitted production facilities to operate close to capacity. The range of products was extended by the manufacture of synthetic tanning agents.

Glasurit do Brasil S. A., São Bernardo do Campo, Estado do São Paulo, Brazil

Holding acquired: 1967
Capital stock: 40 million Cruzeiros
Holding: 68.7 percent
Products: Industrial coatings, especially for the automotive industry, paints, house paints, surfacers
Employees: 1,079
Capital expenditures: 14.2 million Cruzeiros
Sales: 195.3 million Cruzeiros
Pre-tax earnings: 21.0 million Cruzeiros
Sales and earnings developed satisfactorily despite raw material shortages and stronger competition. Production was increased.



BASF dyestuffs are applied to traditional and modern textiles in Japan

**BASF-Sümerbank Türk Kimya Sanayii A.S.,
Istanbul, Turkey**

Holding acquired: 1969
Capital stock: 60 million Turk. Pounds
Holding: 60 percent (40 percent Sümerbank)
Products: Formaldehyde, Kaurit adhesives, auxiliaries, plastic dispersions, pigment preparations
Employees: 111
Capital expenditures: 6.3 million Turk. Pounds
Sales: 53.5 million Turk. Pounds
Pre-tax earnings: 5.8 million Turk. Pounds
Sales reached the previous year's level. Earnings, however, decreased because higher costs for raw materials could not be fully passed on to customers.

BASF Australia Ltd., Melbourne, Australia

Holding acquired: 1963
Capital stock: Austr. \$ 2.8 million
Holding: 100 percent
Products: Styropor, plastic dispersions, auxiliaries
Employees: 194
Capital expenditures: Austr. \$ 0.2 million
Sales: Austr. \$ 17.6 million
Pre-tax earnings: Austr. \$ 0.9 million
Business in imports as well as in locally manufactured products developed favorably. Demand could not always be fully met due to increasing shortages of raw materials and certain import products.

BASF India Ltd., Bombay, India

Holding acquired: 1960
Capital stock: 7 million Indian Rupees
Holding: 50 percent (50 percent Indian shareholders)
Products: Styropor, foamed Styropor, tanning agents, auxiliaries
Employees: 397
Capital expenditures: 2.4 million Indian Rupees
Sales: 47.5 million Indian Rupees
Pre-tax earnings: 3.1 million Indian Rupees
The company succeeded in expanding its business considerably, but earnings remained unchanged due to increased raw material costs.

**Yuka Badische Company Ltd., Yokkaichi,
Mie Pref., Japan**

Holding acquired: 1962
Capital stock: 600 million Yen
Holding: 50 percent (50 percent Mitsubishi Petrochemical)
Products: Styropor, plastic dispersions
Employees: 165
Capital expenditures: 443.0 million Yen
Sales: 6,093.8 million Yen
Pre-tax earnings: 998.7 million Yen
The company had another successful year. The product line was supplemented. Plant expansions continued.

Notes to the 1973 Financial Statements of the BASF Group

Principles of compilation

The financial statements of the BASF Group have been developed from the consolidated financial statements of BASF Aktiengesellschaft and its significant subsidiaries and the combined financial statements of its significant 50 percent owned affiliates. Both financial statements have been prepared in accordance with the principles and guidelines of reporting and disclosure commonly followed by companies who are subject to the requirements of the Securities and Exchange Commission (SEC) of the United States. In the Group financial statements, the consolidated financial statements of BASF Aktiengesellschaft and its subsidiaries, and the BASF portion of the combined financial statements of its 50 percent owned affiliates have been combined, thus eliminating intercompany items between subsidiaries and 50 percent owned affiliates. Intercompany profits within the BASF Group have been eliminated.

Companies included

The Group financial statements include the financial statements of BASF Aktiengesellschaft and 78 subsidiaries and of 24 fifty-percent affiliated companies, thus reflecting more than 90 percent of the significant financial data of the BASF Group. The unconsolidated companies and affiliates are carried in the Group financial statements at cost of acquisition less write-downs; the difference between carrying value and equity in these companies is insignificant. In 1973, companies included in the Group consolidation have been changed as follows:

Domestic companies:

The COMPO GmbH Produktions- und Vertriebsgesellschaft, Handorf, already belonging to the BASF Group in the previous year, has been included in financial statements of the BASF Group. The Kautschuk und Kunststoff GmbH Mayen, Mayen, was merged into Elastogran GmbH as well as the Kunststoffverfahrenstechnik Dr. Ernst GmbH & Co. KG, Strasslach, which was merged into Elastogran Maschinenbau GmbH & Co. Strasslach (formerly: Kunststoffbüro Osnabrück GmbH & Co, Lotte)

Foreign companies:

The following companies, not consolidated previously, have been included this year: the subsidiaries Couleurs-Paris S.A., Le Pré St. Gervais; Delfzee Dubai Petroleum N. V., The Hague; Delfzee Dubai Handelsmij. B.V., The Hague; the 50 percent owned affiliates EURANE-Européenne du Polyuréthane S.A., Paris; Laboratoires Biosedra S. A., Malakoff; Pharmasynthèse S. A., St. Pierre les Elbeuf and S.E.G.E.D.I.T. S. A., Malakoff; furthermore, the LUCHEM Corporation, New York, a newly founded holding company for our participation in BASF Wyandotte Corporation, has been included in the financial statements of the BASF Group and the Whitestone Chemicals Corporation which was acquired in October 1973 from BASF Wyandotte Corporation. The inclusion of these companies had no material effect on net sales, net income and total assets of the Group.

Companies included in the Group financial statements, whose development and situation are of importance for the overall presentation of the economic situation of the Group, have further been reported elsewhere in the Annual Report.

Principles of valuation

The financial statements of the German companies have been prepared in accordance with the accounting and valuation principles legally prescribed in Germany. The financial statements of foreign companies have been prepared in accordance with the generally accepted principles and practices commonly followed by companies subject to the requirements of the SEC. Had these latter principles also been followed by the German companies, the stockholders' equity of the BASF Group as per December 31, 1973 would have been greater by DM 844 million and the net income for the year would have been greater by DM 98 million.

These differences result primarily from optional valuation methods used for domestic investments of BASF Aktiengesellschaft as permitted by German law, the application of special tax regulations to the valuation of property, plant and equipment and the appropriation to special reserves which is included in miscellaneous expense. Realized profits and losses as well as unrealized losses from changes in the quotation of currencies have been taken into income. Adequate provision has been made for losses to be expected from forward contracts. Gains expected out of such contracts will be taken into income when realized.

Translation of foreign currencies

For the purpose of inclusion in the Group financial statements, foreign currencies have been translated into DM as follows:

- a) Revenue and expenses – at quarterly average rates, except for depreciation and deletion which have been translated at historical rates.
- b) Property, plant and equipment, intangible assets, deferred charges and investments in affiliates – at historical rates.
- c) All other assets and liabilities – at rates existing at the close of the year. The accumulated unrealized net gains resulting from the translation of foreign currencies as of December 31, 1973 are shown in the balance sheet as a special item. The increase results mainly from the decline in value of the U.S.-Dollar.

Notes to specific items shown in the financial statements

Property, plant and equipment

Property, plant and equipment is stated at cost less depreciation. As far as possible, depreciation has been computed according to the declining balance method, in remaining cases according to the straight line method. Rates are based on estimated useful lives which are between 5 and 50 years for buildings and between 3 and 20 years for machinery and equipment.

Property located on leaseholds is amortized over the lives of the respective leases. Additional depreciation is provided in accordance with German tax regulations. Provision for depreciation for the year 1973 amounted to DM 1,089 million and for 1972 to DM 996 million.

Inventories

Inventories are stated at the lower of cost (generally average cost) or market (market being the lower of replacement cost or realizable value). Adequate provision has been made for obsolescence.

Balance arising from consolidation

The difference between the cost of acquisition of the subsidiary and our share in its equity at the time of acquisition is shown as balance arising from consolidation. Write-offs of this item have been charged to income.

Paid-in capital

The increase in these items results from the issuance of shares by BASF Aktiengesellschaft and the premium received thereon.

Details are shown in the notes to the financial statements of the parent company.

Earned surplus

The earned surplus consists of the undistributed earnings of the companies included in the Group financial statements since date of acquisition, including the legal and free reserves of BASF Aktiengesellschaft which have been transferred from undistributed earnings.

Long-term liabilities

Long-term liabilities represent liabilities not due within one year. The interest rates on the long-term liabilities range from 4½ to 12½ percent. The decrease in these liabilities results especially from reclassification of the convertible bonds issued by BASF Aktiengesellschaft from long-term liabilities to short-term liabilities, because of maturity.

The maturities of such liabilities payable over the following years are approximately as follows:

	million DM
1975	378
1976	428
1977	577
1978	492

Compulsory and supplemental employees' old-age benefits

In accordance with legal requirements, employees are covered by compulsory insurance laws.

Employees of certain companies are entitled to pensions provided by company agreements. The annual provision on the supplementary pensions are computed on actuarial bases and are accumulated in an unfunded pension reserve which at December 31, 1973 amounted to DM 711 million. The costs of compulsory and supplemental benefits for the years 1973 and 1972 were as follows:

	1973	1972
	million	DM
Compulsory benefits	207	165
Supplemental pension benefits	178	193
	<u>385</u>	<u>358</u>

Contingent liabilities and commitments

There are various legal actions pending arising in the course of normal business operations for which adequate provisions have been made. In the ordinary course of business, the companies have incurred contractual commitments pursuant to terms of leases and other contracts or pension plans, etc., and are contingently liable as guarantor or endorsee of notes and contracts. Adequate provision has been made for any losses which may

Annual Report of BASF Aktiengesellschaft and its Consolidated German Subsidiaries with Notes to the 1973 Consolidated Financial Statements

be reasonably foreseen. At December 31, 1973, German companies were liable for a special levy related to equalization of war damages payable in quarterly installments of DM 4 million through 1979.

Reference is made to the general sections of this report.

The subsidiaries of BASF Aktiengesellschaft and their subsidiaries included in the consolidation in 1973 are listed on pages 54 and 55 and marked respectively.

Any subsidiaries of BASF Aktiengesellschaft that have not been mentioned specifically in this report, are not material in relation to the consolidated financial position and operations.

Subsidiaries not included in the consolidation because of their minor significance according to § 329 (2), sentence 2, AktG (corporation law):

	Nominal Capital TDM	Percent of Owner- ship
Subsidiaries of BASF Aktiengesellschaft, Ludwigshafen:		
– BASF Terratec GmbH, Ludwigshafen*	20	100 ¹
– Gewerkschaft Breitenbach, Ludwigshafen	40	100 ¹
Subsidiaries of BASF Farben + Fasern AG, Hamburg:		
– BASF Fasertechnik GmbH, Hamburg*	100	100 ⁴
– Chemische Fabrik und Farb- werke Dr. Koll & Spitz GmbH, Cologne-Mülheim	500	100 ²
– Gebr. Vossen & Co. GmbH, Aachen	1,400	100 ²
– Glasurit GmbH, Hamburg*	100	100 ⁴
– Herbol GmbH, Cologne*	100	100 ⁴
– Kast + Ehinger GmbH Stuttgart*	100	100 ⁴

* profit transfer agreement with parent company

¹ inactive companies

² companies with insignificant operations, having no effect on the consolidated financial position

⁴ managing companies

	Nominal Capital TDM	Percent of Owner- ship
– Schlesische Chemie AG, Hamburg	120	83.3 ¹
– G. Siegle & Co. GmbH, Stuttgart*	100	100 ⁴
– Zellwolle und Zellulose AG Küstrin, Hamburg	286	70.1 ¹
Subsidiary of BASF Handels- und Export-Gesellschaft mbH, Ludwigshafen:		
– TENSID-CHEMIE Vertriebs- gesellschaft mbH, Düren	100	60 ²
Subsidiary of Chemikalien-Aktien- gesellschaft, Frankfurt/Main:		
– Georg Jaeger & Co., Münnerstadt	30	66.7 ^{2**}
Subsidiaries of Gewerkschaft Auguste Victoria, Marl:		
– Gewerkschaft Röchling, Marl*	.	100 ²
– Kohlen-Handelsgesellschaft Auguste Victoria oHG, Marl	.	100 ^{1**}
Subsidiary of Guano-Werke Aktien-Gesellschaft, Hamburg:		
– Kali-Gesellschaft mbH, Hamburg	40	61.25 ³
Subsidiaries of Kali und Salz AG, Kassel:		
– BM-Chemie Produktions- und Vertriebsgesellschaft mbH, Handorf	20	100 ²
– Bohr- und Bergbaugesellschaft Ems mbH, Hanover	20	75 ²
– Deutscher Straßendienst H. Daup- pert GmbH, Kassel*	20	100 ²
– Gewerkschaft Beienrode, Königslutter	5	89.92 ²

	Nominal Capital TDM	Percent of Owner- ship
– Gewerkschaft Salz-Jerxheim, Hanover	.	74.0 ¹
– Kali-Forschungs-Anstalt GmbH, Hanover	20	90 ²
– Kali-Transport Gesellschaft mbH, Hamburg*	4,000	100 ²
– Kali-Union Verwaltungs- gesellschaft mbH, Hanover	1,500	100 ²
– Montangesellschaft mbH, Cologne*	1,155	100 ²
– Wohnbau Salzdetfurth GmbH, Bad Salzdetfurth*	3,500	100 ²
Subsidiaries of Nordmark-Werke GmbH, Hamburg:		
– IFAH GmbH, Hamburg*	20	100 ¹
– Stormarn-Verlag GmbH, Uetersen*	5	100 ²
– Täberg Grundstücks-Gesell- schaft mbH, Hamburg*	1,330	100 ²
– Vitamultina Pharmazeutische Präparate GmbH, Hamburg*	20	100 ¹
Subsidiaries of Wintershall AG, Celle/Kassel:		
– Chemische Fabrik Wibarco GmbH, Ibbenbüren	7,200	100 ²
– Erdöl-Raffinerie Franken GmbH, Eggolsheim*	8,500	100 ²
– Gewerkschaft Uchte, Uchte*	400	100 ²
– Gewerkschaft Ummendorf, Kassel	.	100 ^{2**}
– Mineralöl-Lager- und Transport- Gesellschaft mbH, Kassel	4,020	100 ²
– Untertage-Speicher-Gesellschaft mbH, Nordenham	8,000	100 ^{2**}

* profit transfer agreement with parent company

** including the holdings of other BASF Group companies

¹ inactive companies

² companies with insignificant operations, having no effect on the consolidated financial position

³ non-profit purchasing company with insignificant assets

⁴ managing companies

Subsidiaries not included in the consolidation because their inclusion would impair the value of disclosures in the statements in view of the social activities of these companies, in accordance with § 329 (2) sentence 3, AktG (corporation law):

	Nominal Capital TDM	Percent of Owner- ship
Subsidiaries of BASF Aktien- gesellschaft, Ludwigshafen:		
– BASF-Altershilfe GmbH, Ludwigshafen	20	100**
– GEWOGE Gemeinnütziges Wohnungsunternehmen GmbH, Ludwigshafen	30,000	97
Subsidiary of Nordmark-Werke GmbH, Hamburg:		
– Unterstützungskasse "Nordmark- Werke" GmbH, Uetersen	20	100

In accordance with the by-laws of these companies, a distribution of net assets to the owners in case of liquidation is not permitted.

A subsidiary not included in the consolidation because it is not controlled within the meaning of § 18 AktG (corporation law):

Subsidiary of Kali und Salz AG, Kassel:

- Deutsches Kalisyndikat GmbH, Berlin
(Nominal capital: 1,596 TDM, percent of ownership: 83.37)

This company is a joint enterprise of the German potash industry; its sole business is the administration of property.

Changes in companies included in the consolidation are discussed in the Notes to the Group Financial Statements.

Other Information

BASF Canada Ltd., a subsidiary which has not been included in the consolidation, incurred major losses, which were offset by a payment of Can. \$ 6.1 million from Canapol Chemie-Beteiligungs-Gesellschaft mbH, a consolidated company. This amount is included in the loss transfer by Canapol to BASF Aktiengesellschaft.

** including the holdings of other BASF Group companies

Consolidated Balance Sheet

The consolidated data represent largely the activities of BASF Aktiengesellschaft; for this reason please refer to the Notes to the Financial Statements of BASF Aktiengesellschaft. The following therefore describes only matters relating to consolidation. Inter-company profits between the consolidated companies were eliminated.

In order to present the financial statements of BASF Aktiengesellschaft and its German subsidiaries more effectively, we consolidated for the first time in 1973 the subsidiaries included in these statements according to the principles as already applied in the Group Financial Statements. Thus, the difference between the cost of acquisition of the affiliates and our share in their equities including profit and loss at the time of acquisition is shown as "Balance arising from consolidation". The undistributed earnings of the companies after date of acquisition are stated in the balance sheet under "Earned Surplus". The corresponding previous years' figures have been adjusted accordingly.

Balance arising from consolidation

Balance arising from consolidation represents the net balance of debit and credit excesses. It relates to the acquired good will amounts, the reserves and optional valuation methods as permitted by German corporation law used for the acquisition of subsidiaries by issuance of shares.

Capital stock and surplus reserves

Capital consolidation now relates to the date of acquisition. Due to this change, the reserves are subdivided in the consolidated balance sheet in capital surplus and earned surplus.

The capital surplus comprises the premium allocated to the legal reserve and the reserve resulting from the decartelization of the IG Farbenindustrie-Aktiengesellschaft. The earned surplus includes the reserves of BASF Aktiengesellschaft having been transferred from earnings and the earned, but undistributed earnings of the companies included in the consolidation after the date of their acquisition.

Minority interests

This item relates to "Kommanditeinlagen" (share of ownership with limited liability) of third parties in Kunststoffbüro München GmbH & Co., a subsidiary of Elastogran GmbH; a share of limited liability ownership of the Pensionskasse der Angestellten der BASF in the capital of Vaerst & Co., a subsidiary of BASF Farben + Fasern AG, and in the LUWOGÉ Wohnungsunternehmen GmbH; further, interests of third parties in the equity, profit and loss of Wintershall.

Contingent liabilities

Contingent liabilities not shown in the balance sheet, including collateral given for consolidated companies, relate principally to BASF Aktiengesellschaft (see Notes to the respective statements).

Gewerkschaft Auguste Victoria has a contingent liability for obligations of various cooperative ventures of the mining industry.

Wintershall AG gave throughput guarantees to Société du Pipe-Line Sud-Européen (SPL SE) and to Deutsche Transalpine Ölleitung GmbH.

Statement of Consolidated Income

Other taxes relate primarily to taxes on oil products to be paid by Wintershall.

Net income for the year consists of the net income of the companies included in the consolidation less consolidation adjustments.

The *profit carryforward* represents profits and losses carried forward of the included companies and consolidation adjustments.

Transfers to surplus reserves result from the individual financial statements of BASF Aktiengesellschaft, Wintershall AG and its consolidated subsidiaries and BASF Farben + Fasern AG. Furthermore they result, within the consolidation, from the redemption of losses carried forward of the companies included in the consolidated financial statements.

Minority interests in net income comprise minority interests in the net income of Wintershall group and Kunststoffbüro München GmbH & Co., a consolidated subsidiary of Elastogran GmbH.

Minority interests in losses relate to the minority interests in losses of consolidated companies of Wintershall AG.

Annual Report of BASF Aktiengesellschaft for 1973 with Notes to the Financial Statements

Balance Sheet

ASSETS

1. Fixed Assets

A. Tangible and Intangible

1.-7. *Property, plant and equipment* increased DM 102.9 million to DM 2,372.7 million. Of the additions amounting to DM 619.6 million, 70 percent relate to production and utility facilities and 30 percent to research, environmental protection and miscellaneous facilities.

Property, plant and equipment is stated at acquisition or production costs reduced by regular depreciation and special write-offs. In addition to material and wages, the construction costs for plants built by ourselves include costs of the allocated overheads of the production sector and the straight line depreciation.

In general, movable property is depreciated under the declining balance method unless prohibited by countercyclical tax measures, and immovable property under the straight line method.

The declining balance method is used for movable property and, as far as permitted under the tax law, switched to the straight line method when appropriate. Acquisition or production costs of assets of low value are written off as incurred.

Retirements comprise mainly residual book values of fixed assets scrapped or sold.

Depreciation of property, plant and equipment, which reflects maximum benefits permitted by tax regulations, consists of:

Regular depreciation:	million DM
Declining balance method	318.1
Straight line method	99.0
Write-offs of low-value additions	14.5
	<u>431.6</u>

Special write-offs:

Research, prevention of water and air pollution, and noise reduction	57.4
Transfer of gains on sales in accordance with § 6 b EStG (income tax law)	5.2
Other special write-offs	1.9
	<u>64.5</u>

Total 496.1

Depreciation of additions, including transfers from plant under construction consists of:

	Additions and Transfers DM	Depreciation DM
1. Real estate and equivalent rights with office, factory and other buildings	74,262,624	15,315,619
2. Real estate and equivalent rights with residential buildings	258,326	8,343
3. Real estate and equivalent rights without buildings	14,957,624	4,533,931
4. Buildings on land not owned by BASF Aktiengesellschaft and not included in (1) and (2) above	764,083	81,640
5. Machinery, plant and equipment	363,305,857	64,428,036
6. Office equipment	80,111,167	33,677,682
7. Plant under construction and advances for plant	85,903,400	21,202,713
	<u>619,563,081</u>	<u>139,247,964</u>

8. The *intangible fixed assets* such as patents, trademarks, franchises, etc. are stated, as heretofore, at the nominal value of DM 1.

B. Investments

1. *Investments in affiliated companies* are stated at cost of acquisition or at the lower value permissible under German tax regulations.

Additions to investment comprise primarily the capital increase of BASF Española S.A., Barcelona, the foundation of Anthrachinon-Produkte BASF-SANDOZ AG, Basel (BASF holding 50 percent), the acquisition of the remaining third party interests in BASF Dyes & Chemicals Ltd., Tokyo, as well as the foundations of BASF AG & Co. Gesellschaft m.b.H. Vienna, and LUCHEM Corporation, New York, in the course of the realignment of some affiliates.

Retirements relate primarily to the capital reduction of BASF Overzee N.V. linked with the restructuring of our activities in the U.S.

Write-offs represent entirely valuation adjustments permitted under § 1 Entwicklungshilfe-Steuer-gesetz (development aid tax law).

Unpaid subscriptions to the capital stock are included in the book value of investments and carried as liability.

2. *Loans for a term of at least four years* are predominantly loans for housing. The non-interest bearing loans are carried at the present value; value adjustments are made in connection with the valuing of these loans.

II. Current Assets

A. Products on Lease

Such goods are valued at acquisition or production costs or at a lower value as permitted by tax laws.

B. Inventories

1. *Raw materials and supplies* are valued at the lower of cost or market. Adequate provision has been made for obsolescence. Reductions permitted under tax regulations have been made.

2. *Finished products and goods for resale* have been valued at production or purchase cost, however, not in excess of realizable value less an allowance for storage and an average profit margin. Production costs are based on the normal capacity of the production plants and include, in addition to the actual production costs, the allocated overheads of the respective production centers, based on tax requirements, and the allocated straight line depreciation on plant and equipment. Provisions for sales risks and obsolescence have been adequately taken into account.

C. Uncompleted Contracts

Uncompleted contracts comprise expenditures incurred for plant construction undertaken by us for others at home and abroad. They are valued at the lower of acquisition cost or market.

D. Other Current Assets

2. The increase in *accounts receivable-trade* results mainly from sales expansion. Accounts receivable with a residual term of more than one year are primarily for the construction of plants abroad. Valuation adjustments for special risks have been taken into account.

3. *Notes receivable* consist principally of foreign drafts with terms of more than 90 days in general. They are carried at cash value and have been secured against risks.
5. *Cash in banks* represents balances payable on demand.
6. Our portfolio of *securities* consists entirely of fixed-interest bearing papers. They are carried at the lower of cost or market.
7. *Accounts receivable from affiliates* include accounts receivable-trade, interest and non-interest bearing loans, investment-like loans and notes receivable. The increase relates to the realignment of some affiliates.
9. *Other current assets* are substantially accounts receivable from agency sales for third parties and from short-term loans as well as claims on interest discounts.

CAPITAL AND LIABILITIES

I. Capital Stock

In 1973 the capital stock of DM 1,526,080,050 was increased by the capital stock conditionally authorized on December 20, 1968, for the Wintershall transaction in the total nominal value of DM 70,800 by the issuance of 1,416 shares at DM 50 with dividend rights beginning January 1, 1973, for the further acquisition of Wintershall AG shares (9 BASF for 10 Wintershall shares); as a result of the issuance of these shares the capital stock on Dec. 31, 1973 increased to DM 1,526,150,850.

The entire capital stock is entitled to dividend for the fiscal year 1973.

The conditional capital totals DM 155,419,650. It is reserved for the option rights of the holders of the U.S. \$ 75 million bond of BASF Overzee N.V., the conversion rights of the convertible bonds of 1964 and for the continuation of the Wintershall transaction.

II. Surplus Reserves

2. The *free reserve* was increased by DM 55 million by transfers from income.

III. Amounts Paid-in for the Capital Increase of January 3, 1974

On November 13, 1973, it was decided to increase the capital stock by DM 15,000,000 from the capital conditionally authorized by the issuance of 300,000 shares at DM 50 at a price of DM 133 per share. Registration was made on January 3, 1974. Premiums amounting to DM 24,900,000 were transferred in full to the statutory reserves. All shares were subscribed to by Deutsche Bank AG and were

reserved for employees of the BASF Group. The equivalent was fully paid-in on December 31, 1973. The shares qualify for dividend beginning January 1, 1973. The authorized capital amounts to DM 285 million after the issuance of these shares.

IV. Special Reserves

The special reserves consist of the following amounts:

	million DM
Valuation adjustments on non-interest bearing loans granted prior to January 1, 1955, according to § 7c EStG (income tax law)	2.6
Deferred gains resulting from settlement of damage claims as permitted under section 35 EStR (income tax regulations)	0.5
Reserves for price increases as permitted under § 74 EStDV (income tax directive)	28.0
Allowances for capital investments in developing countries, as permitted under § 1, section 1.2 Entwicklungshilfe-Steuer-gesetz (development aid tax law)	25.0
	56.1

VI. Accruals

1. *Accruals for pensions* have been computed on an actuarial basis and are deemed to be amply sufficient.

2. a) The accruals for taxes are deemed to be amply sufficient.

2. c) Miscellaneous accruals are made for risks in sales and for lawsuits, as well as for other obligations.

VII. Liabilities with a Term of at Least Four Years.

1.–3. The decrease in these liabilities is due to regular redemption.

1.–5. Current maturities of *liabilities for a term of at least four years* amount to about DM 292 million.

VIII. Other Liabilities

2. *Notes payable* in the amount of DM 49.4 million (previous year DM 59.9 million) relate entirely to financing of third parties' facilities abroad.

4. *Advances received* relate primarily to partial payments on uncompleted facilities (uncompleted contracts) being built by us at home and abroad.

5. *Payables to affiliates* comprise accounts payable-trade, advances received, unpaid subscriptions and other liabilities. The increase is primarily attributable to the realignment of some affiliates.

6. *Other liabilities* comprise accounts payable for wages and salaries, social security, valuation adjustments on interest and subscriptions as well as miscellaneous short-term liabilities.

Liabilities are carried at the amounts at which they are payable except for higher DM carrying values, resulting from foreign currency translations in prior years which have not been changed.

Contingent Liabilities

The liabilities from the issue and endorsement of bills have decreased by DM 42.9 million. Liabilities from guarantees were lower by DM 140.4 million preponderantly due to the repayment of credits guaranteed or the changed monetary situation, which led to an adaptation of these credits to exchange rates. Guarantees granted have been entered into mainly on behalf of affiliated companies.

The liabilities from the granting of collateral security for third parties' liabilities mainly concern bank deposits earmarked for procuring foreign currency loans.

Contingent liabilities not shown in the balance sheet, including collateral given for own liabilities, consist of

	1973	1972
	DM	million DM
Commitments on behalf of affiliated companies	9,851,054	9.3
Securities pledged to BASF Employees' Health Insurance, nominal value	4,567,400	4.8
Assignment of accounts receivable as collateral to notes payable	49,380,000	59.9
Other liabilities stated under VIII secured by mortgages	4,773,500	4.8
assignment of accounts receivable	3,677,000	—

In addition, at the date of the balance sheet, contingent liabilities and commitments existed resulting from the provisions of Regulation No. 8 (pensions) of the Allied High Commission Law No. 35, from § 24 GmbH Gesetz (law for companies with limited liability) relating to unpaid stock subscriptions to Aktionsgemeinschaft Deutsche Steinkohlenreviere GmbH, as well as from legal liabilities due to the temporary integration of Herbol-Werke Herbig-Haarhaus AG, according to § 327, section 4, AktG (corporation law).

Total remuneration of the members of the Board of Executive Directors according to § 160 (3) AktG (corporation law) amounts to DM 5,131,983 for the fiscal year of 1973, the remuneration of members of the Board of Executive Directors as legal representatives of our affiliates amounted to DM 170,000.

Total remuneration of the former members of the Board of Executive Directors and their surviving dependents, including (in accordance with Regulation No. 8 (pensions) of the Allied High Commission Law No. 35) pensions and payments payable to former members and surviving dependents of the Board of Executive Directors of I.G. Farbenindustrie Aktiengesellschaft amounts to DM 2,240,785 for 1973.

Total remuneration of the Supervisory Board amounts to DM 452,200 (exclusive of turnover tax).

Statement of Income

1.–6. *Sales* were 16.6 percent higher than last year, the *total* increased 17.4 percent and the *balance (gross profit)* 17.8 percent.

7. *Income from profit transfer agreements* comes from the transfer of the net income of the following companies: BASF Kraftwerk Marl GmbH, Marl, Rheinische Olefinwerke GmbH, Wesseling, and Nordmark-Werke GmbH, Hamburg.

8. *Income from affiliates* relates to dividends paid by:

	million DM
<i>German affiliates</i>	
Wintershall AG, Celle/Kassel	22.7
Röhm GmbH, Darmstadt	2.3
<i>Affiliates abroad</i>	
Ammoniak Unie B.V., Utrecht	0.4
BASF Antwerpen N.V., Antwerp	18.7
BASF Chemiewerte-AG, Zurich	1.3
BASF Holding-AG, Zurich	0.6
Dispersions Plastiques S.A., Paris	1.3
EURANE-Européenne du	
Polyuréthane S.A., Paris	0.4
Others	1.1
	48.8

10. *Other interest and similar incomes* increased DM 33.0 million compared with last year; they result mainly from interest on bank deposits.

14. *Other income* includes principally revenue items not directly related to operations, transfers of taxes in accordance with profit transfer agreements or other tax regulations and governmental subsidies received for expenditures in research and development in 1972.

15. *Wages and salary* expenses increased DM 204.5 million.

16. *Compulsory social security* contributions rose DM 29.2 million.

17. Expenses for *pensions and assistance* relate principally to current pension payments, contributions to the BASF Employees' Health Insurance as well as to BASF Altershilfe GmbH and accruals for pension obligations.

18.–19. *Depreciation on tangible fixed assets* and write-downs and valuation adjustments on investments have been explained in the notes to fixed assets.

20. *Valuation adjustments on current assets other than inventories and general reserves for accounts receivable* apply to accounts receivable, to foreign exchange losses on securities, as well as to doubtful accounts receivable and transfers to reserves for credit risks.

21. *Losses on retirement of fixed assets* are mainly attributable to scrapping of plant and equipment due to technical developments and to losses on transfers of investments relating to the realignment of our holdings in the U.S.

22. The increase in *interest and similar expenses* is primarily attributable to higher interest rates. The item includes interest charges assumed by BASF for loans of Group companies.

23. a) *Taxes on income and property* comprise DM 7.9 million assumed from Group companies and DM 82.6 million taxes on property and similar taxes including adjustments for previous years.

23. b) The *other taxes* primarily consist of oil and automobile taxes.

25. *Transfer of losses of affiliates* relates to affiliated companies having profit and loss transfer agreements with BASF Aktiengesellschaft.

27. b) *Miscellaneous other expenses* include shipping and freight charges (approx. DM 350 million), rents, and leases (approx. DM 62 million), license fees, agency expenses, advertising expenses, bank charges, insurance premiums, fees, contributions, etc. and costs of transactions not directly related to operations (see item 14) which have not been shown separately, as well as unrealized foreign exchange losses resulting primarily from valuation adjustments.

28.–31. From the *net income* DM 55,000,000 were transferred to the *free reserve*, leaving a *profit available for dividend* of DM 246,619,710.

We propose to distribute from such profit a dividend of DM8.00 per share of the nominal value of DM 50.00. If the proposal is accepted, the total amount of dividends payable on the outstanding share stock of DM 1,541,150,850 will be

DM 246,584,136
DM 35,574

leaving an undistributed profit of

We propose that the undistributed amount be carried forward.

Ludwigshafen, April 23, 1974

The Board of Executive Directors

Report of the Supervisory Board

During the period under review the Supervisory Board has maintained constant surveillance over the management of the Company's affairs by meeting regularly with the Board of Executive Directors and reviewing its written and verbal reports.

The Supervisory Board has examined the Annual Report of BASF Aktiengesellschaft and Consolidated German Subsidiaries, the Annual Report of BASF Aktiengesellschaft and the proposal for the appropriation of net income. The books, the Statement of Accounts, the Annual Report of BASF Aktiengesellschaft and its consolidated German subsidiaries and the Annual Report of BASF Aktiengesellschaft, have been examined by Schwäbische Treuhand-Aktiengesellschaft, the auditors appointed by the Annual General Meeting, and have been given unqualified confirmation. Having concluded our own examination we concur with the auditors and see no grounds for objections.

We have approved the Annual Statement of Accounts drawn up by the Board of Executive Directors, which is thus final, and concur with the proposal of the Board of Executive Directors regarding the appropriation of net income. We mourn the death of Dr. jur. Bernhard Landmesser who served our Board of Supervisory Directors from 1959 until his death on December 19, 1973. As a leading representative of business in the Palatinate he proved always to be an experienced and sagacious advisor. We hold his earnestness and sincerity in esteemed memory.

Ludwigshafen (Rhine), April 24, 1974

The Supervisory Board

Financial Statements 1973

Financial Statements 1973

Balance Sheet of BASF Group at December 31, 1973

Assets	Dec. 31, 1973 TDM*	Dec. 31, 1972 TDM
I. Fixed Assets		
A. Property, Plant and Equipment	6,191,222	6,113,727
B. Patents, Trademarks, Franchises	52,747	45,546
C. Investments		
1. Investments in affiliates	210,784	232,704
2. Long-term loans to affiliates	74,857	72,514
3. Other investments and long-term loans	422,078	495,970
	707,719	801,188
	6,951,688	6,960,461
II. Current Assets		
A. Goods on Lease	55,545	49,983
B. Inventories	1,785,764	1,666,890
C. Uncompleted Contracts	105,380	82,826
D. Notes and Accounts Receivable		
1. Notes receivable	147,304	207,878
2. Accounts receivable-trade	2,384,534	2,074,345
3. Other receivables	183,590	184,375
4. Allowance for doubtful accounts	(97,058)	(80,320)
5. Receivables from affiliates	154,154	110,269
	2,772,524	2,496,547
E. Cash and Cash Items		
1. Marketable securities	177,488	168,660
2. Cash	780,724	605,013
	958,212	773,673
	5,677,425	5,069,919
III. Deferred Charges and Prepaid Expenses	233,130	250,350
IV. Balance Arising from Consolidation	232,986	236,838

13,095,229

12,517,568

*TDM = thousands of DM

Capital and Liabilities		Dec. 31, 1973	Dec. 31, 1972
		TDM	TDM
I. Stockholders' Equity			
A. Paid-in Capital			
1. Capital stock of BASF Aktiengesellschaft		1,541,151	1,526,080
2. Surplus		1,384,961	1,360,054
		2,926,112	2,886,134
B. Earned Surplus			
1. As of January 1		982,625	768,512
2. Dividend of BASF Aktiengesellschaft (previous year)		(228,912)	(226,966)
3. Net income		514,180	408,454
4. Changes from consolidation etc.		4,372	32,625
5. As of December 31		1,272,265	982,625
Total Stockholders' Equity		4,198,377	3,868,759
II. Minority Interests			
		155,498	153,168
III. Special Reserves			
		178,889	61,723
IV. Unrealized Gain on Foreign Exchange			
		251,805	120,077
V. Long-term Reserves			
1. Pension reserve		711,414	636,304
2. Other long-term reserves		337,647	303,031
		1,049,061	939,335
VI. Long-term Liabilities			
1. Bonds, mortgages and similar debt		1,226,750	1,540,363
2. Long-term liabilities to banks		1,901,294	2,191,903
3. Other long-term liabilities		368,880	510,060
4. Long-term liabilities to affiliates		65,327	19,452
		3,562,251	4,261,778
VII. Current Liabilities and Accruals			
1. Accounts payable-trade		1,145,062	936,166
2. Notes payable		123,670	93,104
3. Short-term liabilities to banks		726,803	791,819
4. Advances received		105,040	75,636
5. Accrued taxes and tax liabilities		470,748	446,217
6. Other accrued charges		363,553	254,983
7. Other short-term liabilities		728,879	448,189
8. Short-term liabilities to affiliates		25,624	58,601
		3,689,379	3,104,715
VIII. Deferred Income			
		9,969	8,013
		13,095,229	12,517,568

Statement of Income of BASF Group for the Year Ended December 31, 1973

	1973 TDM	1972 TDM
Net Sales		
To third parties	13,843,224	11,575,972
To affiliates (non-consolidated)	414,932	284,690
Total	14,258,156	11,860,662
Cost of sales	10,547,136	9,061,643
Gross Profit	3,711,020	2,799,019
Selling, general, and administrative expense	1,998,320	1,673,365
Income from Operations	1,712,700	1,125,654
Other Income and Expenses		
Income from affiliates (non-consolidated)		
Dividends	(24,599)	2,732
Interest income	15,784	10,551
Interest expense	119,870	69,821
Write-downs of investments	427,846	389,135
Losses on currency transactions (net of profits)	10,385	27,930
Miscellaneous expense (net)	122,972	21,204
Total	209,401	46,655
	659,549	401,820
Income before Income Taxes and Minority Interests	1,053,151	723,834
Income taxes	516,091	311,428
Net Income before Minority Interests	537,060	412,406
Minority interests	22,880	3,952
Net Income	514,180	408,454

We have examined the balance sheets of BASF Aktiengesellschaft and subsidiaries and affiliates as of December 31, 1973 and the related statement of income for the year 1973. The companies which have been examined by us include 79 percent of the total assets at December 31, 1973 and 70 percent of the total revenues for the year 1973 of the companies included in the Group financial statements. Our examinations were made in accordance with auditing standards generally accepted in Germany and in the United States and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Stuttgart/New York, April 23, 1974

Schitag

Schwäbische Treuhand-Aktiengesellschaft

Wirtschaftsprüfungsgesellschaft

Steuerberatungsgesellschaft

(Certified Public Accountants - Tax Consultants)

Dr. Frey

(Certified Public Accountant)

ppa. Dr. Csik

(Certified Public Accountant)

Haskins & Sells

Certified Public Accountants

T. B. Hogan
Partner

J. M. Crawford
Partner

As to the other BASF subsidiaries and affiliates which have not been examined by us, we were furnished reports of other accountants on their examinations of the financial statements of those companies.

In our opinion, the accompanying Group balance sheet as of December 31, 1973 and the related statement of income for the year 1973 have been properly compiled on the basis stated in the accompanying notes under the heading "Principles of Compilation".

BASF Aktiengesellschaft and Consolidated German Subsidiaries

Consolidated Balance Sheet at December 31, 1973

Assets	Dec. 31, 1973 DM	Dec. 31, 1972 TDM
I. Fixed Assets		
A. Tangible and Intangible		
1. Real estate and equivalent rights with office, factory and other buildings	998,396,728	1,002,800
2. Real estate and equivalent rights with residential buildings	166,175,153	149,375
3. Real estate and equivalent rights without buildings	119,647,182	109,031
4. Buildings on land not owned by Group companies and which do not come under (1) or (2)	21,716,630	20,927
5. Machinery, plant and equipment	1,633,030,689	1,655,656
6. Office equipment	203,198,211	182,541
7. Plant under construction and advances for plant	452,681,958	352,293
8. Concessions, industrial property rights, and similar rights and licenses under such rights	24,296,505	32,292
	3,619,143,056	3,504,915
B. Investments		
1. Affiliated companies	1,969,781,744	1,664,410
2. Securities	958,790	959
3. Loans for a term of at least four years (DM 53,573,584 secured by mortgages on real estate)	100,133,364	97,811
	2,070,873,898	1,763,180
C. Balance Arising from Consolidation	365,579,899	356,003
	6,055,596,853	5,624,098
II. Current Assets		
A. Products on Lease	18,097,328	24,826
B. Inventories	1,185,179,410	1,099,462
C. Uncompleted Contracts	109,029,519	92,819
D. Other Current Assets		
1. Advances paid	19,174,738	19,666
2. Accounts receivable-trade (DM 48,842,626 with a residual term of more than one year)	1,643,673,937	1,409,601
3. Bills receivable (DM 23,038,656 rediscountable at the Federal Bank)	78,084,373	123,482
4. Checks	—	45
5. Cash on hand, balances at the Federal Bank and in postal checking accounts	5,700,059	3,884
6. Cash in banks (DM 2,826,306 committed)	661,239,177	541,842
7. Securities	107,029,012	97,265
Subtotal items 3—7: cash and cash items	852,052,621	766,518
8. Receivables from affiliates	322,282,849	307,699
9. Receivables resulting from loans granted under or according to (a) § 89 AktG (corporation law) (b) § 115 AktG (corporation law)	24,413,321 47,850	36,911 60
10. Other current assets	24,461,171 118,429,871	36,971 82,020
	4,292,381,444	3,839,582
III. Deferred Charges and Prepaid Expenses		
1. Discounts	5,365,367	7,061
2. Others	6,954,853	5,435
	12,320,220	12,496
	10,360,298,517	9,476,176

		Dec. 31, 1973 DM	Dec. 31, 1972 TDM
Capital and Liabilities			
I. Capital Stock		1,526,150,850	1,526,080
Amount paid-in for the capital increase of Jan. 3, 1974		15,000,000	—
Conditional capital DM 155,419,650		1,541,150,850	1,526,080
II. Surplus Including Consolidated Profit *			
1. Capital surplus		1,354,181,013	1,329,274
2. Earned surplus including consolidated profit		1,055,042,936	906,103
		2,409,223,949	2,235,377
Equity of BASF Aktiengesellschaft and its Consolidated Subsidiaries:		3,950,374,799	3,761,457
* of which: statutory reserve of BASF Aktiengesellschaft	DM 1,159,062,688		
free reserve of BASF Aktiengesellschaft	DM 796,000,000		
consolidated profit	DM 282,637,069		
III. Minority Interests			
1. Capital		139,548,297	136,438
2. Profit		8,543,185	3,644
3. Loss		(10,487,118)	(18,270)
		(1,943,933)	(14,626)
IV. Special Reserves		137,604,364	121,812
(according to §§ 6 b and 7 c EStG (income tax law), section 35 EStR (income tax regulations), § 74 EStDV (income tax directive), § 1 EHStG (development aid tax law) § 1 InvZuG (law on capital expenditures) and § 15 BHG (Berlin aid law))		168,983,404	53,903
V. General Reserves for Accounts Receivable		44,537,163	36,587
VI. Accruals			
1. Pension		703,389,989	630,164
2. Others			
a) for taxes		258,124,400	282,826
b) for postponed maintenance work		9,892,500	9,363
c) miscellaneous		627,020,758	492,483
		895,037,662	784,672
VII. Liabilities for a Term of at least Four Years		1,598,427,651	1,414,836
1. Bonds		389,504,000	405,604
(DM 93,100,000 secured by mortgages)			
2. Debentures		234,550,000	266,250
(DM 91,550,000 secured by mortgages)			
3. Liabilities to banks		1,343,052,864	1,548,250
(DM 183,630,086 secured by mortgages)			
4. Debts profit levy		—	408
5. Equalization of Burdens Property Levy		19,465,968	22,625
6. Loans from social and welfare funds		240,896,504	245,240
(DM 19,971,421 secured by mortgages)			
7. Others		85,668,887	97,269
(DM 75,421,268 secured by mortgages)			
Items 1–7 comprise DM 1,045,324,941 due within less than four years		2,313,138,223	2,585,646
VIII. Other Liabilities			
1. Accounts payable-trade		773,749,449	603,671
2. Liabilities from the acceptance and the issue of bills		49,644,615	78,730
3. Liabilities to banks		77,200,177	146,863
4. Advances received		105,767,279	74,727
5. Amounts payable to affiliated companies		658,369,013	210,652
6. Others		479,483,737	383,745
		2,144,214,270	1,498,388
IX. Deferred Income		3,018,643	3,547
		10,360,298,517	9,476,176
1. Liabilities from the issue and endorsement of bills		285,205,661	350,078
2. Liabilities from guarantees		795,655,396	950,618
3. Liabilities from the granting of collateral security for third parties' liabilities		2,826,306	4,623
Present value of the Equalization of Burdens Property Levy		82,749,632	96,432
Quarterly amount of the Equalization of Burdens Property Levy		4,417,853	4,418

BASF Aktiengesellschaft and Consolidated German Subsidiaries.

Statement of Consolidated Income

for the Year Ended December 31, 1973

	1973		
	DM	DM	DM
1. Sales		11,412,885,828	
2. Cost of materials (including changes in inventories) and other charges (net) not shown separately below		6,462,158,103	4,950,727,725
			4,950,727,725
3. Income from profit transfer agreements from companies not consolidated		7,130,390	
4. Income from subsidiaries and affiliates (non-consolidated)		36,156,980	
5. Income from other investments		2,571,894	
6. Other interest and similar income		108,275,975	
7. Valuation adjustments of plant property and investments		2,292,115	
8. Reversal of accruals		34,409,592	
9. Other income		101,337,138	292,174,084
			5,242,901,809
10. Wages and salaries		2,242,197,486	
11. Compulsory social security		292,485,311	
12. Pensions and assistance		178,705,576	
13. Depreciation on tangible and intangible fixed assets		712,477,680	
14. Write-downs and other valuation adjustments of investments		33,087,504	
15. Interest and similar expenses		265,633,212	
16. Taxes			
a) on income and property	517,874,080		
b) others	573,567,645	1,091,441,725	
17. Equalization of Burdens Property Levy		16,877,427	
18. Transfer of losses of affiliates not consolidated		715,427	
19. Other mandatory profit distributions under agreement		4,197,963	4,837,819,311
20. Net income for the year			405,082,498
21. Loss/profit carryforward			(22,826,264)
			382,256,234
22. Transfers to surplus reserves			
a) in the individual financial statements		83,680,334	
b) in the consolidated financial statements		17,882,764	101,563,098
			280,693,136
23. Minority interests in income		8,543,185	
24. Minority interests in losses		10,487,118	1,943,933
25. Prepaid dividends to third parties			—
26. Profit			282,637,069

1972

TDM	TDM	TDM
	9,418,378	
	5,147,410	4,270,968
		4,270,968
	8,031	
	15,281	
	2,812	
	60,411	
	10,132	
	39,345	
	125,365	261,377
		4,532,345
	1,885,647	
	232,394	
	191,072	
	693,297	
	32,077	
	240,951	
397,501		
520,573	918,074	
	16,717	
	334	
	4,137	4,214,700
		317,645
		17,693
		335,338
	65,265	
	17,174	82,439
		252,899
	3,644	
	18,270	14,626
		800
		266,725

The statement of accounts and the report to shareholders follow all legal requirements according to our obligatory examination.

Stuttgart, April 23, 1974

Schitag

Schwäbische Treuhand-Aktiengesellschaft

Wirtschaftsprüfungsgesellschaft – Steuerberatungsgesellschaft

(Certified Public Accountants – Tax Consultants)

Dr. Frey
Certified Public Accountant

ppa. Dr. Csik
Certified Public Accountant

1973 Annual Statement of BASF Aktiengesellschaft

Changes in Fixed Assets

Fixed Assets

A. Tangible and Intangible

1. Real estate and equivalent rights with office, factory and other buildings
 2. Real estate and equivalent rights with residential buildings
 3. Real estate and equivalent rights without buildings
 4. Buildings on land not owned by BASF Aktiengesellschaft, not included in (1) or (2)
 5. Machinery, plant and equipment
 6. Office equipment
 7. Plant under construction and advances for plant
 8. Concessions, industrial property rights, and similar rights and licenses under such rights
-

B. Investments

1. Affiliated companies
 2. Loans for a term of at least four years (DM 24,542,443 secured by mortgages)
-
-

Jan. 1, 1973	Additions	Valuation adjustments	Transfers Additions = + Reductions = -	Deductions (Retirements)	Depreciation	Dec. 31, 1973
DM	DM	DM	DM	DM	DM	DM
653,589,483	42,455,629	-	+ 31,595,955	2,710,893	69,430,609	655,499,565
3,664,054	102,621	-	+ 250,561	255,441	140,326	3,120,347
81,542,106	14,956,969	-	+ 100,775	190,050	4,533,931	91,875,869
1,845,007	196,347	-	+ 567,736	165,602	452,545	1,990,943
1,189,083,180	227,624,734	-	+ 136,029,909	14,301,500	341,048,133	1,197,388,190
81,180,035	55,004,538	-	+ 25,275,029	2,983,329	58,997,710	99,478,563
258,923,542	279,222,243	-	+ 193,318,843	-	21,442,468	323,384,474
1	-	-	-	-	-	1
2,269,827,408	619,563,081	-	-	20,606,815	496,045,722	2,372,737,952
2,377,287,046	374,130,878	-	-	266,121,597	2,530,348	2,482,765,979
43,832,028	9,909,182	1,240,434	-	11,130,948	2,249,204	41,601,492
4,690,946,482	1,003,603,141	1,240,434	-	297,859,360	500,825,274	4,897,105,423

Balance Sheet of BASF Aktiengesellschaft at December 31, 1973

Assets	Dec. 31, 1973 DM	Dec. 31, 1972 TDM
I. Fixed Assets		
A. Tangible and Intangible		
1. Real estate and equivalent rights with office, factory and other buildings	655,499,565	653,589
2. Real estate and equivalent rights with residential buildings	3,120,347	3,664
3. Real estate and equivalent rights without buildings	91,875,869	81,542
4. Buildings on land not owned by BASF Aktiengesellschaft not included in (1) or (2)	1,990,943	1,845
5. Machinery, plant and equipment	1,197,388,190	1,189,083
6. Office equipment	99,478,563	81,180
7. Plant under construction and advances for plant	323,384,474	258,924
8. Concessions, industrial property rights, and similar rights and licenses under such rights	1	DM 1
	2,372,737,952	2,269,827
B. Investments		
1. Affiliated companies	2,482,765,979	2,377,287
2. Loans for a term of at least four years (DM 24,542,443 secured by mortgages)	41,601,492	43,832
	4,897,105,423	4,690,946
II. Current Assets		
A. Products on Lease	18,097,328	24,826
B. Inventories		
1. Raw materials and supplies	237,449,032	212,076
2. Finished products, goods for resale	496,734,130	488,374
	734,183,162	700,450
C. Uncompleted Contracts	109,059,099	92,860
D. Other Current Assets		
1. Advances paid	14,151,175	6,490
2. Accounts receivable-trade (DM 9,624,794 with a residual term of more than one year)	905,429,469	801,573
3. Notes receivable (DM 5,015,984 rediscountable at the Federal Bank)	50,157,462	100,937
4. Cash on hand, balances at the Federal Bank and in postal checking accounts	162,002	180
5. Cash in banks (DM 2,826,306 committed)	540,468,453	418,048
6. Securities	95,227,475	79,980
Subtotal items 3-6: cash and cash items	686,015,392	599,145
7. Accounts receivable from affiliates	575,653,948	336,335
8. Receivables resulting from loans granted under § 89 AktG (corporation law)	3,690,137	2,971
9. Other current assets	48,860,593	26,020
	3,095,140,303	2,590,670
III. Deferred Charges and Prepaid Expenses		
1. Discounts	4,107,490	5,150
2. Others	2,932,158	2,118
	7,039,648	7,268
	7,999,285,374	7,288,884

	Dec. 31, 1973 DM	Dec. 31, 1972 TDM
Capital and Liabilities		
I. Capital Stock	1,526,150,850	1,526,080
Conditional capital DM 155,419,650		
II. Surplus Reserves		
1. Statutory reserves	1,134,162,688	1,134,156
2. Free reserve at beginning of year	741,000,000	691,000
Transfer from net income	55,000,000	50,000
	796,000,000	741,000
	1,930,162,688	1,875,156
III. Amounts Paid-in for the Capital Increase of January 3, 1974		
1. Capital increase	15,000,000	—
2. Transfer to the statutory reserve	24,900,000	—
	39,900,000	—
IV. Special Reserves	56,122,126	21,874
(as provided in §§ 6 b and 7 c EStG (income tax law), § 74 EStDV (income tax directive), section 35 EStR (income tax regulations), and § 1 Entwicklungshilfe-Steuer-gesetz (development aid tax law))		
V. General Reserves for Accounts Receivable	27,275,000	25,208
VI. Accruals		
1. Pension	459,422,370	405,736
2. Others		
a) for taxes	172,357,557	231,005
b) for postponed maintenance work	8,000,000	8,000
c) miscellaneous	232,473,255	153,808
	412,830,812	392,813
	872,253,182	798,549
VII. Liabilities for a Term of at least Four Years		
1. Bonds		
a) 7 % Bonds of 1962 (DM 30,000,000 secured by mortgages)	30,600,000	40,800
b) 4 1/2 % Swiss Francs Bonds of 1964	55,836,000	55,836
c) 5 1/2 % Convertible Bonds of 1964	239,968,000	239,968
d) 5 % Bonds of 1959	29,600,000	32,200
	356,004,000	368,804
2. Debentures (DM 30,000,000 secured by mortgages)	173,000,000	196,500
3. Liabilities to banks (DM 20,619,000 secured by mortgages)	958,493,486	1,159,315
4. Loans from BASF Pension Fund	220,925,083	224,786
5. Others	3,377,175	2,957
Of the amounts included in items 1–5 DM 788,146,782 are due within less than four years	1,711,799,744	1,952,362
VIII. Other Liabilities		
1. Accounts payable-trade	454,864,262	354,986
2. Notes payable	49,380,000	59,870
3. Liabilities to banks	5,568,522	5,672
4. Advances received	101,892,322	72,349
5. Payables to affiliates	736,391,043	193,229
6. Others	240,905,925	174,488
	1,589,002,074	860,594
IX. Profit available for Dividend	246,619,710	229,061
	7,999,285,374	7,288,884
1. Liabilities from the issue and endorsement of bills	224,911,384	267,829
2. Liabilities from guarantees	759,345,511	899,776
3. Liabilities from the granting of collateral security for third parties' liabilities	2,826,306	4,623
Present value of the Lastenausgleichs-Vermögensabgabe (Equalization of Burdens Property Levy)	49,947,988	58,202
Quarterly amount of the Lastenausgleichs-Vermögensabgabe (Equalization of Burdens Property Levy)	2,667,109	2,667

Statement of Income of BASF Aktiengesellschaft for the Year Ended December 31, 1973

	1973		
	DM	DM	DM
1. Sales		6,904,780,779	
2. Change in inventories of finished and semifinished goods and products on lease		14,580,673	6,890,200,106
3. Other company-manufactured capitalized items			142,057,999
4. Total			7,032,258,105
5. Cost of raw materials, supplies and purchased merchandise not shown separately below			2,648,651,907
6. Balance (gross profit)			4,383,606,198
7. Income from profit transfer agreements		17,689,829	
8. Income from affiliates		48,792,856	
9. Income from other investments		712,270	
10. Other interest and similar income		82,595,220	
11. Gains from sale of plant property and equipment and valuation adjustments		6,787,681	
12. Reversal of accruals		21,313,045	
13. Transfers from special reserves		1,447,961	
14. Other income		42,634,718	
DM 4,073,163 non-recurring			221,973,580
15. Wages and salaries		1,478,669,959	4,605,579,778
16. Compulsory social security		165,625,128	
17. Pensions and assistance		130,695,730	
18. Depreciation on tangible fixed assets		496,045,722	
19. Write-downs and other valuation adjustments of investments		4,779,552	
20. Valuation adjustments on current assets other than inventories and general reserves for accounts receivable		17,780,537	
21. Losses on retirement of fixed assets		52,178,095	
22. Interest and similar expenses		217,035,158	
23. Taxes			
a) on income and property	391,131,153		
b) others	14,615,624	405,746,777	
24. Equalization of Burdens Property Levy		10,668,434	
25. Transfer of losses of affiliates		30,191,172	
26. Transfer to special reserves		35,696,023	
27. Other expenses			
a) Wages paid for labor and cost of repairs performed by outside contractors	361,767,516		
b) Miscellaneous	897,229,755	1,258,997,271	4,304,109,558
28. Net income for the year			301,470,220
29. Profit carryforward at beginning of year			149,490
30. Transfer to free reserves			301,619,710
31. Profit available for dividend			55,000,000
			246,619,710
Pension paid including payments to legally independent pension funds			
a) paid in 1973: DM 65,788,597			
b) anticipated in the next five years: 106 percent, 111 percent, 116 percent, 121 percent, 127 percent of the amount specified under (a)			

1972

TDM	TDM	TDM
	5,921,308	
	25,814	5,895,494
		96,888
		5,992,382
		2,271,491
		3,720,891
	18,293	
	43,935	
	1,169	
	49,573	
	6,703	
	24,217	
	4,487	
	46,834	
(7,936)		195,211
		3,916,102
	1,274,141	
	136,461	
	155,117	
	481,771	
	2,553	
	24,161	
	16,176	
	196,153	
330,271		
19,274	349,545	
	10,621	
	28,623	
	1,009	
275,630		
687,337	962,967	3,639,298
		276,804
		2,257
		279,061
		50,000
		229,061

The statement of accounts and the report to shareholders follow all legal requirements according to our obligatory examination.

Stuttgart, April 23, 1974

Schitag**Schwäbische Treuhand-Aktiengesellschaft**

Wirtschaftsprüfungsgesellschaft – Steuerberatungsgesellschaft

(Certified Public Accountants – Tax Consultants)

D r. F r e y

Certified Public Accountant

ppa.D r. E b n e r

Certified Public Accountant

Ten-Year Comparative Data of BASF Aktiengesellschaft

million DM	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973
Sales and Earnings										
Sales ¹	3,031	3,261	3,440	3,670	4,057	4,516	4,860	5,200	5,921	6,905
Income before taxes	502	507	501	507	674	660	469	448	618	703
Taxes	262	224	254	247	336	306	162	219	341	402
Net income	240	283	247	260	338	354	307	229	277	301
Assets										
Tangible and intangible fixed assets	1,815	2,160	2,331	2,235	2,149	2,385	2,600	2,390	2,270	2,373
Investments ²	275	530	685	916	1,155	1,834	1,912	2,028	2,421	2,524
Fixed Assets	2,090	2,690	3,016	3,151	3,304	4,219	4,512	4,418	4,691	4,897
Inventories, uncompleted contracts and products on lease	456	585	615	610	561	727	787	860	818	861
Receivables and other current assets ³	528	587	572	688	832	1,188	1,340	1,270	1,156	1,528
Cash and cash items	322	334	364	357	418	437	556	569	599	686
Current Assets (including deferred charges)	1,306	1,506	1,551	1,655	1,811	2,352	2,683	2,699	2,573	3,075
Total	3,396	4,196	4,567	4,806	5,115	6,571	7,195	7,117	7,264	7,972
Capital and Liabilities										
Capital stock	800	1,100	1,148	1,178	1,198	1,328	1,500	1,513	1,526	1,541 ⁴
Reserves	764	938	1,187	1,279	1,303	1,428	1,779	1,797	1,825	1,901 ⁴
Retained earnings for the year	80	83	17	24	75	62	—	2	50	55
Dividend	160	200	230	236	263	292	307	227	229	246
Equity Capital	1,804	2,321	2,582	2,717	2,839	3,110	3,586	3,539	3,630	3,743
Special Reserves	5	5	6	5	8	18	20	24	22	56
Accruals	455	393	436	466	605	618	575	608	799	872
Liabilities for a term of at least four years	1,132	1,477	896	939	990	1,894	2,075	2,172	1,952	1,712
Other liabilities			647	679	673	931	939	774	861	1,589
Total Liabilities	1,587	1,870	1,979	2,084	2,268	3,443	3,589	3,554	3,612	4,173
Total	3,396	4,196	4,567	4,806	5,115	6,571	7,195	7,117	7,264	7,972
Capital Expenditures and Depreciation										
Expenditure on tangible fixed assets	491	705	606	385	362	663	725	315	385	620
Depreciation and retirements	281	360	435	481	448	455	510	525	505	517

¹ Until 1965 gross figures before rebates, discounts and other allowances; since 1968 without turnover tax

² Until 1965 only investments in affiliated companies and loans similar thereto

³ After valuation adjustments

⁴ Including amount paid-in for the capital increase of January 3, 1974

